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ANNUAL FINANCIAL REPORT

STATE OF
MINNESOTA

June 30, 1982

BEST AVAILABLE COPY

STATE OF MINNESOTA

GOVERNOR	Albert H. Quie
LIEUTENANT GOVERNOR	Lou Wangberg
SECRETARY OF STATE	Joan Anderson Growe
STATE TREASURER	James Lord
STATE AUDITOR	Arne H. Carlson
ATTORNEY GENERAL	Warren Spannaus

COMMISSIONER OF FINANCE
Allan L. Rudell

Prepared by
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STATE OF MINNESOTA
DEPARTMENT OF FINANCE
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SAINT PAUL, MINNESOTA 55155

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December 30, 1982

Honorable Albert H. Quie, Governor
Members of the Legislature

As required by Minnesota Statutes, Section 16A.50, we are submitting the Annual Financial Report of the State of Minnesota for the fiscal year ended June 30, 1982. The accompanying financial statements have been prepared following generally accepted accounting principles (GAAP) for governmental units as interpreted by the National Council on Governmental Accounting (NCGA) in their publication, Statement 1: Governmental Accounting and Financial Reporting Principles. This report includes all of the funds and activities determined to be a part of the state's reporting entity.

Several significant financial events occurred during and subsequent to F.Y. 1982. The General Fund ended the year with an unrestricted fund balance deficit of $705,268,000 on the GAAP basis of accounting and a deficit of $652,582,000 on the budgetary basis of accounting. Minnesota Statutes require that the state have a balanced budget for each two year budget period. When the original budget for the current biennium (F.Y.'s 1982 and 1983) was enacted, a negative year end budgetary fund balance in the amount of $326.6 million was projected for F.Y. 1982 and a positive fund balance of $92.3 million was projected for June 30, 1983. The state economy, reflecting the continuing problems of the national economy, did not show the recovery expected from the 1980-81 recession. Instead the recession continued and revenue shortfalls resulted.

In November 1981 and again in March 1982, revenue and expenditure reforecasts projected General Fund deficits for the end of the biennium, June 30, 1983. Each time legislative action, increasing revenues and cutting expenditures, balanced the budget for the biennium.

The projected deficit for 1982 worsened and a budget deficit of $687 million at June 30, 1982 was anticipated after the budget balancing measures in March. Revenue increases and expenditure cuts in F.Y. 1983 were expected to cover the deficit for F.Y. 1982 and provide a positive fund balance at June 30, 1983. However, additional revenue shortfalls in F.Y. 1983 required additional budget balancing measures which were enacted in December 1982.

Already existing cash flow problems were aggravated by the excess of expenditures over revenue for F.Y. 1982 and these problems continued into F.Y. 1983. In preparing the biennial budget, cash flow problems were anticipated and the 1981 legislature increased the state's short term

AN EQUAL OPPORTUNITY EMPLOYER

borrowing authority from $100 million to $360 million. This ceiling was later changed to permit borrowing up to the "maximum current cash flow requirements". At the end of 1982 short term borrowing outstanding totaled $760 million.

While the Department of Finance is ultimately responsible for this report, much of the data is provided by staff in many other state agencies. Assistance from others ranged from providing necessary data to actual preparation of the financial statements for their departments' funds. Without their assistance this report in its present form would not be possible.

The Department of Finance is responsible for both the accuracy of the data and fairness and completeness of the presentation of these financial statements, including all disclosures. We believe these statements provide a fair representation of the financial position of the state at June 30, 1982 and the results of operations for F.Y. 1982, based on generally accepted accounting principles. These statements, of necessity, include some amounts which are based on management's best estimates and judgment.

The Office of the Legislative Auditor, under authority of Minnesota Statutes, Section 3.971, has audited these statements. Their audit opinions are included.

Sincerely,

Allan L. Rudell
Commissioner

State of Minnesota
Financial Report
Year Ended June 30, 1982
TABLE OF CONTENTS

Note: This is a comprehensive annual financial report and accordingly contains two levels of presentation: the combining level and the combined level. In the combining level statements, funds of a similar classification (i.e., special revenue, enterprise, fiduciary, etc.) are reported individually in vertical columnar form. A total column is provided for each combining statement. The combined statements contain, again in columnar form, the total column from each fund classification and for the General Long-Term Debt Account Group. Exceptions to this are the General Fund and the Debt Service Fund which appear only at the combined level. The combined statements provide an overview of all funds and fund classifications reported in the State's Annual Financial Report.

Page

COMBINED FINANCIAL STATEMENTS

Auditor's Opinion 1
Combined Balance Sheet-All Fund Types and Long-Term Debt Account Group 6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types and Expendable Trust Funds 7
Statement of Actual and Estimated Revenues and Transfers From Other Funds-General Fund 8
Statements of Budgeted and Actual Expenditures, Encumbrances and Transfers to Other Funds-General Fund 9
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Funds Held in Trust/Fund Balances—All Proprietary Fund Types and Similar Trust Funds 10
Combined Statement of Changes in Financial Position-All Proprietary Fund Types and Similar Trust Funds 11
Notes to the Financial Statements 12

SUPPLEMENTAL FINANCIAL INFORMATION

Combining Financial Statements

Auditor's Opinion 35

Special Revenue Funds:

Combining Balance Sheet 46
Combining Statement of Revenues, Expenditures and Changes in Fund Balance 48

Capital Projects Funds:

Combining Balance Sheet 52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance 53

Enterprise Funds:

Combining Balance Sheet 56
Combining Statement of Revenues, Expenses and Changes in Retained Earnings 58
Combining Statement of Changes in Financial Position 59

Internal Service Funds:

Combining Balance Sheet 62
Combining Statement of Revenues, Expenses and Changes in Retained Earnings 63
Combining Statement of Changes in Financial Position 64

Fiduciary Funds:

Combining Balance Sheet 67

TABLE OF CONTENTS (Continued)

Page

Defined Benefit Pension Funds:

Combining Balance Sheet 68
Combining Statement of Revenues, Expenses and Changes in Funds Held in Trust 69
Combining Statement of Changes in Financial Position 70

Defined Contribution Funds:

Combining Balance Sheet 73
Combining Statement of Revenues, Expenses and Changes in Funds Held in Trust 74
Combining Statement of Changes in Financial Position 75

Investment Trust Funds:

Combining Balance Sheet 76
Combining Statement of Revenues, Expenses and Changes in Funds Held in Trust 77
Combining Statement of Changes in Financial Position 78
Combining Schedule of Participation 79
Combining Summary of Investments 80

Expendable Trust Funds:

Combining Balance Sheet 82
Combining Statement of Revenues, Expenditures and Changes in Fund Balance 83

Agency Funds:

Statement of Changes in Assets and Liabilities 84

General Long-Term Debt Account Group:

Statement of Changes in Long-Term Debt 88

General Obligation Debt Schedules

Scheduled Debt Service for Fiscal Year 1983-2002 90
Authorized but Unissued General Obligation Debt 94

COMBINED FINANCIAL STATEMENTS

STATE OF MINNESOTA
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GERALD W. CHRISTENSON
Legislative Auditor

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Members of the Legislature

Honorable Albert H. Quie, Governor

Allan L. Rudell, Commissioner, Department of Finance

1. SCOPE OF AUDIT

We have examined the combined financial statements of the State of Minnesota, and those individual funds and the account group which are solely presented in separate columns within the combined financial statements -- General Fund, Debt Service Fund, and General Long-Term Debt Account Group, as of and for the year ended June 30, 1982, as shown on pages 6 to 32. Our examination was made in accordance with generally accepted auditing standards, except as limited by and subject to the reliances explained in paragraph 2, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

(Note: A separate audit opinion on the combining and other individual funds is presented with those financial statements later in this report.)

2. SCOPE LIMITATIONS AND RELIANCES

A. LOCAL GOVERNMENT INFORMATION - Our examination did not verify the accuracy of the information provided by local units of government. This information is used to calculate various educational and general governmental aids paid from the GENERAL FUND and SPECIAL REVENUE FUNDS. Accordingly, we were unable to determine the effect, if any, that reliance on this data will have on the financial position of those funds.

B. POTENTIAL MISCLASSIFICATION OF CERTAIN GENERAL FUND OPERATIONS -- The state provides direct property tax relief to eligible individuals and other aids to individuals through the use of low income, renters, senior citizens and disabled persons income tax credits. These aids are paid as part of the individual income tax refunds. However, the amount of tax refunds resulting from these credits must be estimated due to insufficient data. For fiscal year 1982, $148 million of tax refunds were reclassified as grant expenditures as a result of this estimation process. Our audit tests were unable to substantiate these estimates due to insufficient data and potential problems with certain assumptions. Accordingly, we were unable to determine the effects, if any, of this matter on revenues, revenue refunds, and expenditures of the GENERAL FUND.

2. SCOPE LIMITATIONS AND RELIANCES (Cont'd.)

C. RELIANCE ON ACTUARIAL CERTIFICATIONS -- Note 17 discusses the unfunded liability of the PENSION TRUST FUNDS and the Post Retirement Investment Fund, presented within the INVESTMENT TRUST FUNDS, included in this financial report. These amounts are presented in accordance with reports certified by the consulting actuaries for the various funds.

3. OMISSION OF REQUIRED FINANCIAL STATEMENTS

A. BUDGETARY COMPARATIVE STATEMENTS-SPECIAL REVENUE FUNDS -- Generally accepted accounting principles require budgetary comparative statements for the General Fund and Special Revenue Funds. These required statements are not presented for the SPECIAL REVENUE FUNDS, as explained in note 27.

B. GENERAL FIXED ASSETS ACCOUNT GROUP -- Generally accepted accounting principles require a financial statement for the GENERAL FIXED ASSETS ACCOUNT GROUP. This required statement is not presented, as explained in note 1.

4. LIABILITY/EXPENDITURE RECOGNITION PROBLEMS

A. IMPROPERLY ACCRUED 1981 GRANT AND AIDS -- School aids of $241 million relating to fiscal year 1981 were originally scheduled for payment in 1981. These payments were delayed until fiscal year 1982 because of a projected budget deficit. We believe these payments should have been recognized as expenditures of fiscal year 1981 and as a liability as of June 30, 1981. However, they have been recognized as expenditures in fiscal year 1982. Accordingly, GENERAL FUND expenditures are overstated by $241 million for fiscal year 1982 and its beginning fund balance is overstated by the same amount.

B. FINAL ADJUSTMENT PAYMENTS -- Final adjustment payments of $104 million for school aids and interstate tuition reciprocity relate to services provided in fiscal year 1982, or entitlements vesting in fiscal year 1982. They have been budgeted for and are to be paid from fiscal year 1983 General Fund resources. Therefore, we believe these liabilities do not mature until 1983 and should be recorded as long-term liabilities. Accordingly, we conclude that liabilities of the GENERAL LONG-TERM DEBT ACCOUNT GROUP are understated by $104 million at June 30, 1982.

C. UNFUNDED PENSION PLANS -- There are three pension plans which are essentially terminally funded by the General Fund upon the eligible participants' retirement. The underfunding of these pension plans should be systematically reported as long-term liabilities over a reasonable period. There is currently no provision and/or adequate information to report the proper amount of long-term liabilities. These plans are:

- THE LEGISLATIVE RETIREMENT PLAN which has $1.8 million of accumulated legislator contributions presented as an asset and liability of the General Fund at June 30, 1982. The most recent actuarial valuation of the plan was as of July 1, 1977. At that date, the actuarially determined accrued liability was calculated at $8.7 million, while accumulated legislator contributions totaled only $800,000.

4. LIABILITY/EXPENDITURE RECOGNITION PROBLEMS (Cont'd.)

- THE ELECTIVE STATE OFFICERS PLAN which has $187,000 of accumulated contributions presented as an asset and liability of the General Fund at June 30, 1982. There has not been an actuarial valuation of this plan.

- THE JUDGES' RETIREMENT PLAN which has $8.7 million of accumulated contributions presented as an asset and liability of the Pension Trust Funds at June 30, 1982. The actuarially determined accrued liability of the plan as of June 30, 1982 was $35.2 million.

Because of insufficient information and the lack of a systematic recognition policy, we were unable to determine the total effect of these pension plans on the GENERAL LONG-TERM DEBT ACCOUNT GROUP.

D. IMPROPER BEGINNING ACCRUALS--UNEMPLOYMENT COMPENSATION FUND -- The Unemployment Compensation Fund, within the Special Revenue Funds was reported on a cash basis in fiscal year 1981. It was impractical to reconstruct the proper revenue and expenditure accruals as of June 30, 1981. Accordingly, the fiscal year 1982 revenue and expenditures for the SPECIAL REVENUE FUNDS are overstated by these 1981 accrual amounts and the beginning fund balance could not be restated as required by generally accepted accounting principles.

E. LIABILITY ESTIMATES - SPECIAL WORKERS COMPENSATION FUND -- Expenditures and accrued liabilities for the Special Workers Compensation Fund within the Special Revenue Funds, are reported based upon the date claims are submitted. The state did not maintain complete records to adequately identify all claims received but unpaid as of both June 30, 1981 and June 30, 1982. As a result, certain estimations were used in the calculation of the fiscal year 1981 and 1982 accrued liabilities. Because of insufficient information, we were unable to determine the effect, if any, of these estimations on the SPECIAL REVENUE FUNDS.

5. UNCERTAINTIES AND CONTINGENCIES

A. LITIGATION -- Several lawsuits are currently pending against the state as explained in note 16 to the financial statements. An adverse decision to the state from certain of these lawsuits could create significant liabilities in future fiscal years. The lawsuits numbered 5, 6, and 9 are expected to be resolved in 1983, 1984, and 1983, respectively. In the opinion of the Department of Revenue, it is not possible to place a precise dollar amount on these lawsuits and the relative potential long-term liabilities of the state. Any state liability could be reduced if the state arranged for local governments, to which the majority of these taxes have ultimately been distributed, to bear some of the liability. Also, $47 million of the taxes are held in a trust fund and are designated for future uses. Accordingly, we could not determine the effects, if any, that these lawsuits have on the GENERAL LONG-TERM DEBT ACCOUNT GROUP and the TRUST AND AGENCY FUNDS as of June 30, 1982.

B. CONTINGENT GENERAL FUND LIABILITY FOR SCHOOL LOAN BONDS -- As discussed in note 17, the General Fund is contingently liable for $35.7 million in general obligation bonds which were issued to provide funds for loans to school districts. The bond principal and interest are to be repaid from loan

5. UNCERTAINTIES AND CONTINGENCIES (Cont'd.)

principal ($45 million outstanding at June 30, 1982) and interest payments received from school districts. The loans receivable and bonds payable are presented within the Enterprise Funds. There are, however, various legal provisions whereby certain school districts may not be required to repay their outstanding loans. In November 1981 and 1982, because of insufficient monies in the loan repayment account, General Fund appropriations of $3.4 million and $4.6 million, respectively, were necessary to make the required transfers to the Debt Service Fund for principal and interest on the school loan general obligation bonds.

Because of the uncertain future collectibility of the school loans, we were unable to determine the extent to which the General Fund will be required to provide future debt service monies. Accordingly, we could not determine the effects, if any, on the ENTERPRISE FUNDS and the GENERAL LONG-TERM DEBT ACCOUNT GROUP.

C. POTENTIAL REPOSSESSION OF ZOO MONORAIL EQUIPMENT - As discussed in note 13, the Zoo Monorail Fund, which is part of the Enterprise Activities Fund presented within the Enterprise Funds, has defaulted on the installment contract for purchase of the zoo monorail. The investors/assignees of the installment contract have various options following the default including operating the monorail themselves or repossessing the monorail equipment. The investors/assignees have not exercised these options pending the outcome of litigation between the affected parties, as discussed in note 16. A decision by the investors/assignees to exercise certain of the options available to them would effectively eliminate the $5 million of assets of the fund. Accordingly, we could not determine the effects, if any, on the ENTERPRISE FUNDS.

6. ASSET VALUATION PROBLEMS

INVENTORY - TRUNK HIGHWAY FUND -- Inventory of $14 million is reported on the Trunk Highway Fund, within the SPECIAL REVENUE FUNDS. Our audit tests indicated material errors in the physical counts and we could not verify unit prices. We were unable to reasonably determine the effects of this departure from generally accepted accounting principles.

7. CLASSIFICATION PROBLEMS

COLLEGE AND UNIVERSITY FUNDS -- The state universities and community colleges are not reported in compliance with the accounting principles promulgated by the National Association of College and University Business Officers (NACUBO) as required by generally accepted accounting principles. The college and university activities are reported as discussed in note 1. If these activities were presented as required by NACUBO, the following funds would be materially affected: GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECT FUNDS, TRUST AND AGENCY FUNDS, and ENTERPRISE FUNDS.

OPINION PARAGRAPH ON COMBINED FINANCIAL STATEMENTS

In our opinion, EXCEPT FOR the matters discussed in paragraphs 3A, 3B, 4A, 4B, 4C, 4D, 6 and 7 and SUBJECT TO the effects, if any, of the matters discussed in paragraphs 2A, 2B, 4E, 5A, 5B, and 5C, and relying on the certification from the consulting actuaries as discussed in paragraph 2C, the combined financial statements referred to above present fairly the financial position of the State of Minnesota at June 30, 1982, and the results of its operations and changes in financial position of its proprietary funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in notes 17 and 25.

OPINION PARAGRAPHS ON THE INDIVIDUAL FUNDS AND ACCOUNT GROUP PRESENTED SEPARATELY WITHIN THE COMBINED FINANCIAL STATEMENTS

In our opinion, EXCEPT FOR the effects of the matters discussed in paragraphs 4A and 7 and SUBJECT TO the effects, if any, of the matters discussed in paragraphs 2A, and 2B, the aforementioned financial statements present fairly the financial position of the GENERAL FUND of the State of Minnesota at June 30, 1982 and the results of operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, the aforementioned financial statements PRESENT FAIRLY the financial position of the DEBT SERVICE FUND of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, EXCEPT FOR the effects of the matters discussed in paragraphs 4B and 4C, and SUBJECT TO the effects, if any, of the matters discussed in paragraphs 5A and 5B, the aforementioned financial statements present fairly the financial position of the GENERAL LONG-TERM DEBT ACCOUNT GROUP of the State of Minnesota at June 30, 1982, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Gerald W. Christenson

Gerald W. Christenson
Legislative Auditor

December 14, 1982

STATE OF MINNESOTA

COMBINED BALANCE SHEET
ALL FUND TYPES AND GENERAL LONG-TERM DEBT ACCOUNT GROUP
JUNE 30, 1982
(000's Omitted)

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Group	Totals (Memorandum only)
	General	Special Revenue	Capital Project	Debt Service	Enterprise	Internal Service	Trust and Agency	General Long-Term Debt	
ASSETS									
Cash	$ 312,706	$ 59,358	$26,988	$ 275	$ 3,002	$ 4,690	$ 190,337	$ —	$ 597,356
Investments	—	121,210	22,024	143,909	440,508	—	4,454,255	—	5,181,906
Accounts Receivable	54,405	28,013	2	—	2,880	2,636	46,577	—	134,513
Due from Other Funds	13,709	18,810	7,632	1,892	—	—	44,732	—	86,775
Accrued Income	224	1,881	104	6,351	33,266	—	83,606	—	125,432
Federal Aid Receivable	—	113,556	1,497	—	—	—	5,864	—	120,917
Inventories	—	14,113	—	—	3,473	508	—	—	18,094
Deferred Costs	1,641	728	—	—	25,634	17	32,610	—	60,630
Restricted Assets	—	2,811	—	—	287,381	—	—	—	290,192
Loans/Notes Receivable	4,686	3,920	646	—	1,223,621	2	27,856	—	1,260,731
Advances to Other Funds	4,521	50	—	—	—	—	—	—	4,571
Equity in Investment Funds	—	—	—	—	—	—	1,512,838	—	1,512,838
Fixed Assets/Real Property (Net)	—	—	—	—	59,399	9,430	16,062	—	84,891
Amount Available in Debt Service Fund	—	—	—	—	—	—	—	73,829	73,829
Amount to be Provided:									
General Fund	—	—	—	—	—	—	—	805,657	805,657
Special Revenue	—	—	—	—	—	—	—	268,154	268,154
Other Assets	—	—	—	—	1,133	—	2,609	—	3,742
Total Assets	**$ 391,892**	**$364,450**	**$58,893**	**$152,427**	**$2,080,297**	**$17,283**	**$6,417,346**	**$1,147,640**	**$10,630,228**
LIABILITIES AND FUND EQUITY									
Liabilities:									
Warrants Payable	$ —	$ —	$ —	—	$ —	$ —	$170,226	$ —	$ 170,226
Accounts Payable	217,949	174,754	20,651	204	4,357	4,694	10,168	—	432,777
Payable to Other Funds	19,848	29,248	2,003	482	633	3,211	35,921	—	91,346
Payable to Other Governmental Units	—	16,993	—	—	—	—	32,502	—	49,495
Compensated Absences	—	—	—	—	519	595	372	—	1,486
Deferred Revenue	14,063	12,314	—	—	18,254	359	97	—	45,087
Payable from Restricted Assets	—	275	—	—	98,911	—	—	—	99,186
Loans/Notes/Installment Purchases Payable	764,500	—	—	—	46,824	2,354	51	214,466	1,028,195
Revenue Refunds Payable	—	—	—	—	—	—	—	30,000	30,000
General Obligation Bonds Payable	—	—	—	—	45,895	—	—	901,959	947,854
Revenue Bonds Payable	—	—	—	—	1,519,767	—	—	—	1,519,767
Funds Held in Trust	—	—	—	9,469	49,194	—	5,581,148	—	5,639,811
Other Liabilities	—	—	—	—	26	—	320	1,215	1,561
Total Liabilities	**$1,016,360**	**$233,584**	**$ 22,654**	**$ 10,155**	**$1,784,380**	**$11,213**	**$5,830,805**	**$1,147,640**	**$10,056,791**
Fund Equity:									
Contributed Capital	$ —	$ —	$ —	$ —	$ 14,544	$ 4,591	$ —	—	$ 19,135
Retained Earnings:									
Reserved per Debt Requirements	—	—	—	—	44,381	—	—	—	44,381
Reserved per State Law	—	—	—	—	96,213	—	—	—	96,213
Unreserved	—	—	—	—	140,779	1,479	—	—	142,258
Fund Balances:									
Reserved for Encumbrances	26,898	30,828	—	—	—	—	1,783	—	59,509
Reserved for Inventory	—	14,113	—	—	—	—	—	—	14,113
Reserved for Long-Term Receivables	11,304	11,659	—	—	—	—	1,415	—	24,378
Reserved for Long-Term Commitments	—	51,564	30,914	—	—	—	—	—	82,478
Reserved for Local Governments	—	—	—	—	—	—	196,145	—	196,145
Reserved for Endowment Principal	—	—	—	—	—	—	331,483	—	331,483
Reserved per Debt Requirements	—	—	—	142,272	—	—	—	—	142,272
Unreserved:									
Designated for Carryover	42,598	47,692	5,325	—	—	—	47,072	—	142,687
Designated for Fund Purpose	—	(27,525)	—	—	—	—	4,643	—	(22,882)
Designated by Donor Agreement	—	2,535	—	—	—	—	—	—	2,535
Designated for Investments	—	—	—	—	—	—	4,000	—	4,000
Undesignated	(705,268)	—	—	—	—	—	—	—	(705,268)
Total Fund Equity	**$(624,468)**	**$130,866**	**$36,239**	**$142,272**	**$295,917**	**$ 6,070**	**$ 586,541**	**—**	**$ 573,437**
Total Liabilities and Fund Equity	**$391,892**	**$364,450**	**$58,893**	**$152,427**	**$2,080,297**	**$17,283**	**$6,417,346**	**$1,147,640**	**$10,630,228**

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

YEAR ENDED JUNE 30, 1982

(000's Omitted)

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust	
Revenues:						
Taxes	$3,819,644	$ 701,098	$ —	$ —	$ —	$4,520,742
Reciprocity Income	10,318	—	—	—	—	10,318
Federal Grants	4,256	1,174,298	30,946	—	—	1,209,500
Intergovernmental Revenue	1,350	985	—	—	—	2,335
Department Earnings	175,327	57,667	—	—	—	232,994
Revenue from Use of Property	3,948	5,468	—	—	—	9,416
Investment Income	23,026	14,015	3,535	20,055	31,807	92,438
Other	19,512	14,323	102	388	3,092	37,417
Gross Revenues	**$4,057,381**	**$1,967,854**	**$ 34,583**	**$ 20,443**	**$ 34,899**	**$6,115,160**
Revenue Refunds	**371,514**	**33,857**	**—**	**—**	**39**	**405,410**
Net Revenues	**$3,685,867**	**$1,933,997**	**$ 34,583**	**$ 20,443**	**$ 34,860**	**$5,709,750**
Expenditures:						
Current:						
Protection of Persons/Property	$ 29,874	$ 47,448	$ 254	$ —	$ 4	$ 77,580
Transportation	2	171,481	394	—	75	171,952
Resource Management	47,765	35,970	3,883	—	225	87,843
Economic/Manpower Development	31,425	77,316	16	—	162	108,919
Education	286,294	21,996	22	—	858	309,170
Health and Social Services	232,077	19,624	—	—	58	251,759
General Government	99,495	2,447	12,560	34	96	114,632
Total Current Expenditures	$ 726,932	$ 376,282	$ 17,129	$ 34	$ 1,478	$1,121,855
Capital Outlay	11,082	171,797	61,270	—	301	244,450
Debt Service	31,559	—	—	116,605	—	148,164
Grants and Subsidies	3,415,883	1,372,212	65,363	—	177,518	5,030,976
Total Expenditures	**$4,185,456**	**$1,920,291**	**$ 143,762**	**$ 116,639**	**$ 179,297**	**$6,545,445**
Reimbursements to (from) Other Funds	(64,838)	15,055	(221)	—	1,651	(48,353)
Net Expenditures	$4,120,618	$1,935,346	$ 143,541	$ 116,639	$ 180,948	$6,497,092
Excess of Revenues Over (Under) Expenditures	**$ (434,751)**	**$ (1,349)**	**$ (108,958)**	**$ (96,196)**	**$ (146,088)**	**$ (787,342)**
Other Financing Sources (Uses):						
General Obligation Bonds	$ —	$ —	$ 117,221	$ —	$ —	$ 117,221
Loans/Advances from Federal Government (net)	—	95,842	—	—	—	95,842
Operating Transfers In	2,098	278,564	195	117,001	184,606	582,464
Operating Transfers to Debt Service	(103,743)	(9,700)	(3,558)	—	—	(117,001)
Other Operating Transfers Out	(67,932)	(400,051)	(478)	—	—	(468,461)
Decrease in Inventory	—	(1,978)	—	—	—	(1,978)
Investment Income Allocated to Proprietary Funds	—	—	—	(1,287)	—	(1,287)
Other	—	7,851	—	—	—	7,851
Total Net Other Financing Sources (Uses)	**$ (169,577)**	**$ (29,472)**	**$ 113,380**	**$ 115,714**	**$ 184,606**	**$ 214,651**
Excess of Revenues and Other Sources Over Expenditures and Other Uses	**$ (604,328)**	**$ (30,821)**	**$ 4,422**	**$ 19,518**	**$ 38,518**	**$ (572,691)**
Fund Balances July 1, 1981 as Reported	**$ (20,470)**	**$ 179,885**	**$ 29,405**	**$ 122,622**	**$ 214,937**	**$ 526,379**
Prior Period Adjustments	—	(18,053)	—	—	—	(18,053)
Changes in Reporting Entity	—	185	2,544	—	1,603	4,332
Fund Balances JulY 1, 1981 as Restated	**$ (20,470)**	**$ 162,017**	**$ 31,949**	**$ 122,622**	**$ 216,540**	**$ 512,658**
Net Residual Equity Transfers	330	(330)	(132)	132	—	—
Fund Balances June 30, 1982	**$ (624,468)**	**$ 130,866**	**$ 36,239**	**$ 142,272**	**$ 255,058**	**$ (60,033)**

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
GENERAL FUND
STATEMENT OF ACTUAL AND ESTIMATED REVENUES AND TRANSFERS FROM OTHER FUNDS
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Budgetary Basis					
	Original Estimates	Estimate Revisions	Tax Law Changes	Adjusted Estimates	Actual	Variance (Favorable) Unfavorable
Unrestricted Revenues:						
Income Tax — Individual	$2,094,757	$(116,557)	$ 64,700	$2,042,900	$1,991,788	$ 51,112
Income Tax — Corporation	397,495	(73,200)	11,900	336,195	359,134	(22,939)
Sales Tax	981,350	(139,050)	40,300	882,600	879,070	3,530
Bank Excise	45,307	(5,707)	—	39,600	37,024	2,576
Inheritance and Gift	13,538	7,051	—	20,589	25,049	(4,460)
Liquor, Wine and Malt Beverages	57,075	49	—	57,124	55,469	1,655
Cigarette and Tobacco Products	90,309	97	—	90,406	88,959	1,447
Mining	118,260	(541)	—	117,719	118,610	(891)
Deed and Mortgage Registration	17,500	—	—	17,500	17,981	(481)
Gross Earnings Taxes	141,732	(38)	—	141,694	148,841	(7,147)
Motor Vehicle Excise	138,559	(39,084)	—	99,475	103,888	(4,413)
Income Reciprocity	10,102	216	—	10,318	10,318	—
Department Earnings	144,895	4,043	967	149,905	156,418	(6,513)
Investment Income	18,800	2,922	—	21,722	23,185	(1,463)
All Other Revenue	45,199	(12,332)	—	32,867	35,793	(2,926)
Total Unrestricted Revenues	**$4,314,878**	**$(372,131)**	**$117,867**	**$4,060,614**	**$4,051,527**	**$ 9,087**
Restricted Revenues:						
Departmental Earnings	$ 48,409	$ 5,028	—	$ 53,437	$ 51,989	$ 1,448
Federal Grants	28	(8)	—	20	561	(541)
Intergovernmental Revenues	30,735	9,529	—	40,264	38,080	2,184
Investment Income	—	—	—	—	257	(257)
All Other	—	—	—	—	4,944	(4,944)
Total Restricted Revenue	**$ 79,172**	**$ 14,549**	**—**	**$ 93,721**	**$ 95,831**	**$(2,110)**
Less Revenue Refunds:						
Income Tax — Individual	$ 271,400	$ 54,100	—	$ 325,500	$ 295,171	$(30,329)
Income Tax — Corporation	42,000	12,200	—	54,200	63,684	9,484
Sales Tax	3,896	(1,441)	—	2,455	3,239	784
All Other	5,500	6,027	—	11,527	15,109	3,582
Total Revenue Refunds	**$ 322,796**	**$ 70,886**	**—**	**$ 393,682**	**$ 377,203**	**$(16,479)**
Net Revenues	**$4,071,254**	**$(428,468)**	**$117,867**	**$3,760,653**	**$3,770,155**	**$(9,502)**
Operating Transfers from Other Funds:						
Federal Reimbursements (Public Welfare)	$ 13,002	$ 2,029	—	$ 15,031	$ 14,065	$ 966
Federal Reimbursements (LCMR)	1,300	(300)	—	1,000	160	840
Indirect Costs	4,400	(300)	—	4,100	4,700	(600)
Gas Tax Reimbursement	859	—	—	859	859	—
Other Special Revenue Funds	2,300	1,000	—	3,300	2,810	490
Repayment of Revolving Fund Loans	1,116	5	—	1,121	2,073	(952)
All Other Transfers	300	—	—	300	3,802	(3,502)
Total Transfers from Other Funds	**$ 23,277**	**$ 2,434**	**—**	**$ 25,711**	**$ 28,469**	**$ (2,758)**
Total Net Revenue and Transfers from Other Funds	**$4,094,531**	**$(426,034)**	**$117,867**	**$3,786,364**	**$3,798,624**	**$(12,260)**

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

GENERAL FUND
STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES, ENCUMBRANCES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Budgetary Basis				
	Budget as Originally Appropriated	**Budget Reductions**	**Net Budget**	**Actual**	**Variance Favorable (Unfavorable)**
Expenditures and Encumbrances:					
Protection of Persons/Property	$ 62,251	$ 1,309	$ 60,942	$ 59,004	$ 1,938
Transportation	23,134	1,827	21,307	19,288	2,019
Resource Management	71,556	6,020	65,536	60,894	4,642
Economic/Manpower Development	61,411	3,242	58,169	50,876	7,293
Education	779,334	15,763	763,571	751,455	12,116
School Aids (a)	1,391,807	22	1,391,785	1,390,094	1,691
Health and Social Services	838,179	12,845	825,334	851,373	(26,039)
General Government (b)	1,078,739	9,589	1,069,150	1,051,317	17,833
Total Expenditures and Encumbrances	**$4,306,411**	**$50,617**	**$4,255,794**	**$4,234,301**	**$21,493**
Transfers to Other Funds:					
Special Revenue Funds:					
Taconite Area Environment Protection Fund	$ 22,752	—	$ 22,752	$ 18,900	$ 3,852
Iron Range Resources	3,971	—	3,971	4,036	(65)
Trunk Highway	1,524	—	1,524	1,299	225
Other Special Revenue Funds	500	—	500	3,517	(3,017)
Debt Service Fund	111,951	—	111,951	107,142	4,809
Housing Finance	21,587	—	21,587	19,087	2,500
Northeast Minnesota Economic Protection	11,376	—	11,376	8,846	2,530
Loans to Revolving Funds	3,350	—	3,350	2,397	953
All Other Funds	—	—	—	2,100	(2,100)
Total Transfers to Other Funds	**$ 177,011**	**—**	**$ 177,011**	**$ 167.324**	**$ 9,687**
Total Expenditures, Encumbrances and Transfers to Other Funds	**$4,483,422**	**$50,617**	**$4,432,805**	**$4,401,625**	**$31,180**

The notes are an integral part of the financial statements.

(a) Includes $242.6 million cancelled as a part of F.Y. 1981 budget reductions and reappropriated in F.Y. 1982.

(b) Includes amounts for property tax refunds ($28.8 million), aids to local governments ($737.9 million) and senior citizen and renter's credits ($148.2 million).

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUNDS HELD IN TRUST/FUND BALANCES — ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

YEAR ENDED JUNE 30, 1982

(000's Omitted)

			Fiduciary Fund Types				
	Proprietary Fund Types		Pension Trust			Nonexpendable Trust	Totals (Memorandum Only)
	Enterprise	Internal Service	Defined Benefit	Defined Contribution	Investment Trust	Permanent School	
Operating Revenues:							
Net Sales	$ 5,624	$ 5,049	$ —	$ —	$ —	$ 5,252	$ 15,925
Contributions	—	—	368,907	—	—	—	368,907
Investment/Interest Income	153,326	—	235,043	3,214	147,910	27,334	566,827
Rentals and Service Fees	31,331	21,912	—	—	—	—	53,243
Distributed Investment Fund Income	—	—	138,613	—	14	—	138,627
Realized/Unrealized Investment Gains (Losses)	—	—	—	472	(78,292)	787	(77,033)
Other Income	—	—	2,507	462	—	—	2,969
Total Operating Revenues	**$ 190,281**	**$ 26,961**	**$ 745,070**	**$ 4,148**	**$ 69,632**	**$ 33,373**	**$1,069,465**
Less Cost of Goods Sold	4,422	3,528	—	—	—	—	7,950
Gross Margin	**$ 185,859**	**$ 23,433**	**$ 745,070**	**$ 4,148**	**$ 69,632**	**$ 33,373**	**$1,061,515**
Operating Expenses:							
Annuity Payments	$ —	$ —	$ 138,069	$ —	$ —	$ —	$ 138,069
Interest and Financing Costs	109,611	321	—	—	—	—	109,932
Purchased Services	18,939	9,747	704	78	—	—	29,468
Refunded Contributions	—	—	29,932	—	—	—	29,932
Salaries and Fringe Benefits	13,424	8,650	3,186	219	—	—	25,479
Depreciation and Amortization	3,045	2,341	123	2	—	2,722	8,233
Supplies and Materials	1,133	1,185	76	3	—	—	2,397
Indirect Costs	—	848	—	—	—	—	848
Other	1,744	51	1,285	32	—	—	3,112
Total Operating Expenses	**$ 147,896**	**$ 23,143**	**$ 173,375**	**$ 334**	**—**	**$ 2,722**	**$ 347,470**
Operating Income	**$ 37,963**	**$ 290**	**$ 571,695**	**$ 3,814**	**$ 69,632**	**$ 30,651**	**$ 714,045**
Nonoperating Revenues (Expenses):							
Shares Purchased	$ —	$ —	$ —	$ 13,746	$ 202,870	—	$ 216,616
Federal Grants	58,155	—	—	—	—	—	58,155
Other Nonoperating Revenues	4,080	66	—	—	—	—	4,146
Shares Withdrawn	—	—	—	(4,244)	(302,483)	—	(306,727)
Grants, Aids and Subsidies	(52,221)	—	—	—	—	—	(52,221)
Other Nonoperating Expenses	—	(19)	—	—	—	—	(19)
Total Nonoperating Revenue (Expenses)	**$ 10,014**	**$ 47**	**—**	**$ 9,502**	**$ (99,613)**	**—**	**(80,050)**
Operating Transfers (net)	**$ 22,486**	**$ —**	**$ 5,560**	**$ —**	**$ —**	**$ (25,048)**	**$ 2,998**
Net Income Before Comulative Effect of Change in Accounting Method	**$ 70,463**	**$ 337**	**$ 577,255**	**$ 13,316**	**$ (29,981)**	**$ 5,603**	**$ 636,993**
Cumulative Effect of Change in Accounting Method	(291)	(470)	(245)	—	—	—	(1,006)
Net Income After Cumulative Effect of Change in Accounting Method	**$ 70,172**	**$ (133)**	**$ 577,010**	**$ 13,316**	**$ (29,981)**	**$ 5,603**	**$ 635,987**
Adjustment for Unrealized Loss on Equity Securities	—	—	(60,048)	—	—	(1,386)	(61,434)
Depreciation on Fixed Asset Acquired with Contributed Capital	353	—	—	—	—	—	353
Increase (Decrease) in Retained Earnings/ Funds Held in Trust/Fund Balances	**$ 70,525**	**$ (133)**	**$ 516,962**	**$ 13,316**	**$ (29,981)**	**$ 4,217**	**$ 574,906**
Retained Earnings/Funds Held in Trust/ Fund Balances, July 1, 1981, as Reported	**$ 210,848**	**$ 1,612**	**$3,481,743**	**$ 86,888**	**$1,461,455**	**$ 311,791**	**$5,554,337**
Prior Period Adjustment	—	—	—	—	—	15,475	15,475
Retained Earnings/Funds Held in Trust/Fund Balances, July 1, 1981, as Restated	**$ 210,848**	**$ 1,612**	**$3,481,743**	**$ 86,888**	**$1,461,455**	**$ 327,266**	**$5,569,812**
Retained Earnings/Funds Held in Trust/ Fund Balances, June 30, 1982	**$ 281,373**	**$ 1,479**	**$3,998,705**	**$ 100,204**	**$1,431,474**	**$ 331,483**	**$6,144,718**

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION — ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

YEAR ENDED JUNE 30, 1982

(000's Omitted)

	Proprietary Fund Types		Fiduciary Fund Types				Totals (Memorandum Only)
			Pension Trust Funds			Nonexpendable Trust Funds	
	Enterprise	Internal Service	Defined Benefit	Defined Conribution	Investment Trust	Permanent School	
Cash Provided:							
From Operations:							
Net Income	$ 70,172	$ (133)	$ 577,010	$ 13,316	$ (29,981)	$ 5,603	$ 635,987
Items to be Added to (Deducted from) Net Income:							
Changes in Current Assets	$ (6,410)	$ (16)	$ (1,001)	$ 43	$ (21,060)	$ 2,834	$ (25,610)
Changes in Current Liabilities	16,273	2,237	10,399	(22)	(213)	1,585	30,259
Depreciation and Amortization	5,899	2,443	5	—	—	2,722	11,069
Defaulted Interest Recognized	(941)	—	—	—	—	—	(941)
Loss (Gains) on Sales of Fixed Assets	45	(45)	—	—	—	—	—
Cumulative Effect of Compensated Absences	—	—	372	—	—	—	372
Unrealized Loss on Marketable Equity Securities	—	—	(60,048)	—	—	(1,386)	(61,434)
Other Changes	640	—	—	—	—	—	640
Total Items to be Added (Deducted)	$ 15,506	$ 4,619	$ (50,273)	$ 21	$ (21,273)	$ 5,755	$ (45,645)
Total Cash Provided by Operations	$ 85,678	$ 4,486	$ 526,737	$ 13,337	$ (51,254)	$ 11,358	$ 590,342
Other Cash Provided							
Increase in Leases/Installment Purchases Payable	$ —	$ 3,022	—	—	—	—	$ 3,022
Proceeds from Bond/Note Sales	284,239	—	—	—	—	—	284,239
Reductions of Loans and Financing Leases Receivable	90,997	—	—	—	—	—	90,997
Increases in Escrow Accounts	16,865	—	—	—	—	—	16,865
Advances from Other Funds	83	2,329	—	—	—	—	2,412
Capital Contributions	1,499	—	—	—	—	—	1,499
Proceeds from Sale of Fixed Assets	10	315	—	—	—	20	345
Other Sources	984	288	—	—	—	—	1,272
Total Other Cash Provided	$ 394,677	$ 5,954	—	—	—	$ 20	$ 400,651
Total Cash Provided	**$ 480,355**	**$ 10,440**	**$ 526,737**	**$ 13,337**	**$ (51,254)**	**$ 11,378**	**$ 990,993**
Cash Applied:							
Loans Issued	$ 155,581	$ —	$ —	—	—	—	$ 155,581
Investments in Fixed Assets	2,331	5,988	87	—	—	—	8,406
Deferred Costs	4,209	—	—	—	—	—	4,209
Reductions of Indebtedness	79,845	3,783	—	—	—	—	83,628
Repayment of Advances from Other Funds	878	—	—	—	—	—	878
Other	1,889	2	—	—	—	—	1,891
Total Cash Applied	**$ 244,733**	**$ 9,773**	**$ 87**	**—**	**—**	**—**	**$ 254,593**
Net Increase (Decrease) in Cash and Investments	**$ 235,622**	**$ 667**	**$ 526,650**	**$ 13,337**	**$ (51,254)**	**$11,378**	**$ 736,400**
Cash and Investments July 1, 1981	**495,269**	**4,023**	**3,412,369**	**86,564**	**1,444,507**	**295,175**	**5,737,907**
Cash and Investments, June 30, 1982	**$ 730,891**	**$ 4,690**	**$3,939,019**	**$ 99,901**	**$1,393,253**	**$ 306,553**	**$6,474,307**

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1982

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These notes provide disclosures relevant to the combined financial statements on the preceding pages. They are supplemented by the narrative explanations which accompany the combining financial statements. Such explanations are relevant only to the individual funds or account groups to which they refer and are not considered necessary to understand the combined financial statements.

Basis of Presentation

Except as described in the following notes, the reporting policies of the State of Minnesota conform to generally accepted accounting principles (GAAP) as prescribed by the National Council on Governmental Accounting (NCGA).The NCGA's Statement 1, Governmental Accounting and Financial Reporting Principles, and Statement 2, Grant, Entitlement, and Shared Revenue Accounting and Reporting by State and Local Governments are considered the primary authoritative sources of GAAP for governmental units.

The state's financial activities are recorded in individual funds and account groups, each of which is treated as a separate accounting entity. For financial reporting purposes, however, the individual fund financial statements are combined by generic fund type in the combining financial statements presented in the latter part of this report. The aggregate of each fund type, from the combining statements, is then presented in the combined overview financial statements, also termed the General Purpose Financial Statements (GPFS). Essentially, the GPFS have replaced the individual fund as the financial reporting focus for governmental units.

Financial Reporting Entity of the State of Minnesota

This report includes the various state departments, agencies, institutions and organizational units which are controlled by or dependent upon the Minnesota Legislature and/or its constitutional officers. The criteria used to implement this policy were degrees of: financial/administrative dependence; state control; fiduciary responsibility; and jurisdiction/distribution of benefits. Conversely, all governmental units not meeting the established criteria, and therefore construed to be autonomous from the state, have been excluded from this report. Most notable among these entities excluded is the University of Minnesota which, because of its constitutionally authorized existence, was considered relatively autonomous.

The following organizations included in this report also prepare and publish their own financial reports which may contain differences in presentation resulting from differing reporting emphasis:

Minnesota Historical Society
Teachers Retirement Association
Minnesota State Retirement System
Public Employees Retirement Association
State Board of Investment
Minnesota Housing Finance Agency
Higher Education Coordinating Board (revenue bond funds)
Higher Education Facilities Authority
State University Board (revenue bond fund)

Copies of their reports may be obtained directly from the above organizations.

Classification of Funds

Individual funds have been established as stipulated by legal provisions or by administrative discretion.

College and university fund structure and accounting principles are prescribed by the National Association of College and University Business Officers in their publication College and University Business Administration (CUBA). The state reports the college and university activity in the closest counterpart fund; however, the CUBA fund structure is utilized in separately issued reports of the state universities and community colleges. The approximate percentage of community college and state university revenues and expenditures reported in the financial statements in this report are: General Fund (1-4%); Federal Fund (1%); General Project Fund (31%); Endowment Fund (27-31%); Miscellaneous Agency Fund (26-29%); and all of the All College Fund, Student Activity Fund and Revenue Bond Fund.

With the exception of the college/university funds above, the funds presented are classified according to GAAP as follows:

Governmental Funds

These funds account for the acquisition, use and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category which is comprised of the general, special revenue, capital project and debt service generic fund types described as follows:

General Fund - To account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - To account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Funds - To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Debt Service Fund - To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Proprietary Funds

These funds account for all assets, liabilities and equities and match revenues and expenses to determine net income and capital maintenance. The generic fund types included in the proprietary fund category are:

Enterprise Funds - To account for operations: (1) that are financed and operated in a manner similar to private business enterprises and where the intent of the state is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the state has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - To account for the financing of goods or services provided by one state agency to other state agencies on a cost-reimbursement basis.

Fiduciary Funds

These funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Depending on their nature, fiduciary funds are classified for accounting measurement purposes like governmental (expendable trust funds) or proprietary (nonexpendable trust and pension trust funds) funds.

Agency funds are purely custodial in nature; thus they do not measure results of operations. Descriptions of the generic fund types included in the fiduciary fund category are as follows:

Pension Trust Funds - To account for funds administered by independent boards and for which the state performs a fiduciary role. These funds have been categorized by function into the following three types:

- Defined Benefit Pension Funds - This grouping includes those retirement funds for which the participant's retirement annuity is based upon a statutory formula utilizing such factors as age, average salary, length of service and others. That is, benefits are determined by qualification instead of contribution.

- Defined Contribution Pension Funds - This grouping includes those retirement funds for which the amount of the participant's retirement annuity is primarily determined by the employer/employee contributions. Other factors such as age and length of service provide minimum eligibility qualifications.

- Investment Trust Funds - This grouping is a variety of investment funds which serve as investment vehicles for the participating funds. They are administered by the State Board of Investment in accordance with the applicable statutes defining the participating funds, the types of investments which may be purchased and the distribution of earnings or losses.

Nonexpendable Trust Funds - To account for funds whose principal may not be expended.

Expendable Trust Funds - To account for funds whose resources, including principal and earnings, may be expended.

Agency Funds - To account for funds which hold moneys in an agency capacity for various governmental units, individuals or funds.

Account Groups

Accountability and control over fixed assets and long-term debt not accounted for in the governmental funds, proprietary funds or expendable trust funds is provided in the account groups.

General Long-Term Debt Account Group - To account for unmatured principal of bonds, notes, or other forms of long-term indebtedness.

General Fixed Asset Account Group - To account for the fixed assets of the governmental funds. Currently the state does not have an updated General Fixed Asset Account Group from which to prepare the required financial statements.

Basis of Accounting

All proprietary funds, pension funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized as they are incurred. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting includes the following recognition principles.

Revenues: Revenues are recognized in the period when they become both measurable and available to finance expenditures of the current period. Measurable means that taxpayer or intermediary government liability is supported by sufficient documentation and can be reasonably estimated. Available means collectible by the September close of the books. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the state's liability is measurable and validity seems certain. Revenues, including federal revenues, collected on an advance basis to which the state does not have legal entitlement are recognized as deferred revenue until the related commitment arises.

Expenditures and Related Liabilities: Expenditures and payables are recognized when obligations are incurred as a result of the receipt of goods and services. Because of the difficulty of assessing the point of liability for grant expenditures, they are discussed separately below.

Encumbrance Accounting: Encumbrance accounting is used for budgetary control purposes only. In the financial statements encumbrances are recorded only in the balance sheet as a reservation of fund balance for subsequent year expenditure except for those long-term commitments which rely significantly on future resources as discussed in note 15.

Grant Expenditure and Liability Recognition

Grants are contributions or gifts of cash or other assets by the state to other governmental units or to individuals. The GAAP requirement that expenditures and liabilities are recognized at the point goods and services are received is not relevant for grants because the state does not receive a direct service for the grant payment. It was therefore necessary to use different criteria for the recognition of grant expenditures and liabilities.

Grants are based normally on an entitlement basis or a reimbursement basis. Reimbursements can be for specific services provided to specific eligible recipients or such reimbursements can be for eligible types of expenditures. Grants that are a reimbursement for specific services are recognized as expenditures and liabilities in the period in which the grantee incurs the eligible costs for these services. For all other grants, expenditures and liabilities are recognized in the fiscal year resources for which are appropriated.

2. CASH, INVESTMENTS AND ACCRUED INVESTMENT INCOME

Where Minnesota Statutes provide, an individual fund's cash is separately invested through the State Board of Investment. All cash in the state treasury not invested by individual funds is pooled and invested as the State Treasurer's "Invested Treasurer's Cash" (ITC). The ITC is available to pay operating expenses and transfers and to relieve cash deficiencies in the General Fund to the extent allowable under Minnesota Statutes Section 16A.671. All investment earnings of ITC except those on balances in the Game and Fish Fund are credited to the General Fund pursuant to Minnesota Statutes Section 11A.20. Beginning in fiscal year (F.Y.) 1982 earnings for the Game and Fish Fund are being credited to that fund. Investment earnings credited to the General Fund from ITC in F.Y. 1982 were $23.4 million. A schedule of the cash balances available for investment in ITC at June 30, 1982 is presented below. Because some funds have cash outside of the state treasury, the cash available for ITC may differ from the cash balances indicated on the balance sheets.

Invested Treasurer's Cash
June 30, 1982
(000's Omitted)

Fund	Cash Balance
General Fund	$312,061
Special Revenue Funds	61,593
Capital Projects Funds	26,987
Debt Service Fund	74
Trust and Agency Funds	187,041
Enterprise Funds	1,588
Internal Service Funds	4,689
Total Cash Balances	$594,033
Uninvested Cash	21,270
ITC Investment	$572,763

Nearly all funds value equity securities at the lower of cost or market and debt securities at amortized cost. The Investment Trust Funds and the Defined Contribution Pension Funds are an exception to the above, valuing investments at market. Except for the fund types scheduled below, the cost of investment approximates market value.

Schedule of Cost and Market Values of Investments
June 30, 1982
(000's Omitted)

	Cost	Market
Defined Benefit Funds	$2,567,275	$2,208,968
Investment Trust Funds	1,603,886	1,393,238
Nonexpendable Trust Funds	308,051	237,452

Certain U.S. government and government agency securities are loaned out to banks and brokers to generate additional income of 0.5%. Collateral pledged in the amount of 105% of the market value of securities loaned and collateral pledged as of June 30, 1982 were as follows:

	Cost of Securities Loaned	Market Value of Securities Pledged as Collateral
Governmental Fund Type:		
Debt Service Fund	$ 25,500,000	$ 26,000,000
Proprietary Fund Type:		
Enterprise Funds	6,000,000	6,425,000
Fiduciary Fund Type:		
Pension Trust Funds:		
Defined Benefit Funds	58,930,000	62,070,000
Investment Trust Funds	112,600,000	120,730,000
Nonexpendable Trust Funds	8,000,000	7,380,000
Expendable Trust Funds	18,700,000	20,545,000
Total	$229,730,000	$243,130,000

3. ACCOUNTS AND FEDERAL AID RECEIVABLE

Accounts Receivable has been stated net of allowances for doubtful accounts which are immaterial, except for allowance for doubtful accounts of the Trunk Highway Fund, a special revenue fund, of $579,371 which are material to that fund's statement.

Federal Aid Receivable has been presented at the total outstanding amount due; there are no material related allowances for doubtful accounts. Revenue is recognized and a receivable established when liabilities have been incurred for a program.

4. LOANS RECEIVABLE

Loans Receivable are stated net of allowances for loan losses except where the loans are adequately secured or the allowance is not estimable.

Loans of the Minnesota Housing Finance Agency are principally secured by first mortgages or insurance. Guaranteed student loans are guaranteed by the Higher Education Assistance Foundation and reinsured by the federal government. Financing leases of the Minnesota Higher Education Facilities Authority are secured by ownership of constructed facilities.

It has not been practicable to estimate future loan losses for several types of loans. Loans to school districts by the Maximum Effort School Loan Fund are repaid from district tax levies which cannot exceed a formula based ceiling. Minnesota Statutes, Chapter 124 which authorizes these loans, specifies that interest defaulted because of the tax ceiling be capitalized as loan principal. Loan principal not repaid in thirty years will be discharged. Loan losses are not estimable because the economic factors which modify a school district's tax base are not predictable over the period of time for loan repayment.

College student loans are loans made by the State University Student Activity Fund and the Community College All College Funds (agency type funds). These loans are net of allowances for loan losses of $3,256,000 and $425,000 respectively.

Scheduled below are the types of loans included in the statements. Financing leases of the Higher Education Facilities Authority have been accounted for as direct financing leases but have been classified as loans receivable because of their similarities.

Minnesota Housing Finance Agency Loans	$ 917,830,000
Government Guaranteed Student Loans	204,185,686
Medical and Osteopathy Student Loans	3,024,727
Higher Education Financing Leases	52,594,400
Maximum Effort School Loans	45,471,533
College Student Loans	26,412,768
Other	11,214,785
Total Loans Receivable	$1,260,733,899

5. INVENTORIES

The inventories of the Trunk Highway Fund (a special revenue fund) with a balance of $13,799,443 as of June 30, 1982, are valued using the weighted average method. Inventories in other funds are valued by various methods.

6. EQUITY IN INVESTMENT FUNDS

Equity in investment funds is the participation of the various pension funds in the investment trust funds. Consistent with fund accounting principles, the state records the aggregate pension fund resources invested in the appropriate investment trust funds, with the corresponding equity interest, as above, recorded in the pension funds. Accordingly, the combined net assets of all pension trust funds must be adjusted, to eliminate the effects of this treatment, when various analytical comparisons are being made.

7. FIXED ASSETS AND REAL PROPERTY

Fixed assets reported in the proprietary and fiduciary funds are valued at historical cost less accumulated depreciation or amortization on the straight-line method over the useful life of the asset. Included in fixed assets are equipment, land, buildings, and improvements to owned assets and leaseholds. Permanent School Fund land, totalling 2,517,436 acres, is valued at the approximate market value at time of acquisition. Value of this land was not included in previous statements. The beginning fund balance of the Permanent School Fund is adjusted for the value of the land held at June 30, 1981, using the approximate market value at the time of acquisition. A major portion of the fixed assets of the Zoo Monorail Fund reported in the Enterprise Activities Fund may be subject to repossession by creditors as a result of default on the installment purchase contract. (See note 13.)

8. RESTRICTED ASSETS AND LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Mandatory asset segregations within funds are presented in various special revenue and enterprise funds as Restricted Assets. Restricted Assets are composed of cash and investments which are equivalent to cash. Such segregations are required by bond covenants, grant agreements, donor stipulations and other external restrictions. Current liabilities to be paid from these assets are classified as Payable from Restricted Assets. Detail of these Restricted Assets is provided on the next page.

Restricted Assets and Related Liabilities
(000's omitted)

Restricted Assets for:	
Deposits in Debt Service Fund	$ 9,470
Revenue Bond Repayment	269,160
Other Revenue Bond Covenant	8,279
Donor Agreements	2,811
Other	472
Total Restricted Assets	$290,192
Liabilities Payable from Restricted Assets:	
Accounts Payable	$ 1,401
Revenue Bonds Payable (Maturing)	46,230
Revenue Bonds Interest Payable	44,979
General Obligation Bonds Payable	5,485
General Obligation Bonds Interest Payable	816
Other	275
Total Current Liabilities	$ 99,186
Revenue Bonds Payable (Noncurrent)	144,090
Total Liabilities Payable from Restricted Assets	$243,276
Restricted Fund Equities:	
Reserved per Debt Requirement	$ 44,381
Designated by Donor Agreements	2,535
Total Liabilities Payable from Restricted Assets and Restricted Fund Equities	$290,192

9. DEFERRED COSTS

The composition of the deferred costs is scheduled below (000's omitted):

	Enterprise Fund	Fiduciary Fund Types			
Type	MHFA Programs Fund	Defined Benefit Pension Plans	Non expendable Trust Fund	All Others	Total
Loan Origination (Net)	$ 1,300	$	$	$	$ 1,300
Bond Issuance (Net)	19,017			807	19,824
Debt Extinguishment (Net)	4,367				4,367
Unamortized Bond Losses		16,715	15,698		32,413
Prepaid Expenses				2,726	2,726
Total	$24,684	$16,715	$15,698	$3,533	$60,630

10. LIABILITIES

Grant liabilities and related expenditures are recognized according to criteria explained in Note 1 (Grant Expenditure and Liability Recognition). Following these criteria General Fund liabilities at June 30, 1982 and expenditures for F.Y. 1982 do not include $104,284,630 in school aid payments and interstate tuition reciprocity payments based primarily on F.Y. 1982 data but which are paid from F.Y. 1983 resources. Because these payments are not considered liabilities at June 30, 1982, they are also not included in the General Long Term Debt Account Group.

A liability for accumulated compensated absences is included for the first time in many of the proprietary and fiduciary type funds. GAAP for proprietary and expendable trust funds required this liability recognition effective for F.Y. 1982. The cumulative liability for certain compensated absenses is included in the determination of net income for these funds. (See note 17.) In F.Y. 1984 governmental and similar funds will also be required to recognize this liability.

11. LONG-TERM OBLIGATIONS - GENERAL OBLIGATION BONDS PAYABLE

The state constitution provides that when the full faith and credit of the state has been pledged for the payment of bonds, the State Auditor shall levy each year on all taxable property within the state a tax sufficient with the balance then on hand in the fund to pay all principal and interest on bonds issued under the section and due in the next 20 months. It also requires that the legislature appropriate funds to the Debt Service Fund. The amount of money actually received and on hand pursuant to appropriations prior to the levy of the tax in any year is used to reduce the amount of tax otherwise levied.

Minnesota Statutes provide that in order to reduce the amount of taxes otherwise required to be levied, there is to be appropriated annually to the Debt Service Fund from the various governmental funds in the state treasury such sums of money sufficient when added to the balance on hand in the fund to pay all principal and interest due within the next 20 months on state general obligation bonds.

In F.Y. 1982 the Department of Finance made the necessary transfers to the Debt Service Fund as scheduled below:

General Fund	$103,743,241
Miscellaneous Special Revenue Fund	203,200
State Airports Fund	385,807
Game and Fish Fund	86,291
Trunk Highway Fund	8,826,051
Employment Services Administration Fund	198,681
Building Fund	3,557,781
Total Operating Transfers to Debt Service Fund	$117,001,052

Several issues of general obligation bonds are recorded as liabilities of enterprise funds (The Maximum Effort School Loan Fund and the State University Board Revenue Bond Fund) when the earnings of these funds are pledged for repayment of bonds. These funds make debt service transfers fulfilling the legal requirements for general obligation debt service. Debt service transfers and the earnings on them are reported as restricted assets (see note 6) in the enterprise funds and as funds held in trust in the Debt Service Fund. The General Fund remains secondarily liable as further explained in note 18.

As of June 30, 1982 the total outstanding general obligation bonds payable was $953,334,000 and $583,415,000 was authorized and unissued. Scheduled below is the general obligation debt principal payable for the next 5 years.

Fiscal Year	Amount
1983	$ 79,324,000
1984	75,225,000
1985	71,330,000
1986	68,395,000
1987	67,375,000
Thereafter	591,685,000
Total	$953,334,000

12. LONG-TERM OBLIGATIONS - REVENUE BONDS PAYABLE

The agencies listed below have the authority to, and have issued, bonds which are not general obligations of the state but are payable solely from the rentals, revenues and other income, charges and moneys as were pledged for repayment. Premiums and discounts on revenue bonds are amortized using the interest method over the life of the bonds to which they relate.

The Minnesota Housing Finance Agency (MHFA) is authorized by Minnesota Statutes Sections 462A.08-.14 to issue its bonds and notes in amounts such that the principal amount outstanding at any time does not exceed:

- $225,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose; plus,

- $1,325,000,000 issued for other purposes specified in Section 462A.08 which include: (i) participating in the making of construction loans and eligible mortgage loans to sponsors of residential housing for families of low and moderate income, and (ii) purchasing eligible securities, the proceeds of which will be used for residential housing for families of low and moderate income.

The Minnesota Higher Education Coordinating Board (MHECB) is authorized by Minnesota Statutes Sections 136A.171-.175 to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post secondary educational institutions. The amount of such bonds outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds, may not exceed $550,000,000.

The Minnesota Higher Education Facilities Authority (MHEFA) is authorized by Minnesota Statutes Sections 136A.32-.34 to issue revenue bonds to finance the acquisition, construction and remodeling of college buildings and structures to be used for nonsectarian educational purposes, and to refinance facilities of this type. The amount of such bonds outstanding at any time may not exceed $100,000,000. Each issue is payable solely from and secured by a first lien on the revenues of the project financed, reserve funds and the guarantee of the institution for which the project is financed.

The Minnesota State University Board (MSUB) is authorized by Minnesota Statutes Section 136.41 to issue revenue bonds in the principal amount of $52,800,000 to finance the acquisition, construction and remodeling of college buildings for residence hall, student union and food service purposes. All of such bonds have been issued and are payable solely from and secured by an irrevocable pledge of revenues to be derived from the operation of the buildings financed and from fees imposed upon student activities, student facilities or other sources.

Revenue Bond Debt
Outstanding Debt and Five-Year Principal Requirements
June 30, 1982
(000's omitted)

	MHFA	MHECB	MHEFA	MSUB
1983	$ 33,825	$ 9,000	$ 2,460	$ 945
1984	38,215	66,600	9,535	980
1985	39,370	109,220	1,680	1,025
1986	39,330	20,000	1,800	1,050
1987	39,225	21,500	1,955	1,075
Thereafter	951,616	104,100	46,955	27,942
Total	$1,141,581	$330,420	$64,385	$33,017

13. LONG-TERM OBLIGATIONS - OTHER

The outstanding balance of loans received under the provisions of the Federal Unemployment Tax Act as of June 30, 1982 was $210,116,006, including $273,889 in interest accrued at a rate of 10 percent per annum on loans received on or after April 1, 1982. Because the Unemployment Compensation Fund was unable to repay by November, 1982 loans totalling $28,200,000 which were received prior to January 1, 1981, the net federal unemployment tax rate was increased retroactive to January, 1982. If the remaining balance of all loans received after January 1, 1981 is not repaid before November, 1983, the net federal employment tax rate will be increased each year until all loans have been repaid.

The Zoo Monorail Fund, a part of the Enterprise Activities Fund, is in arrears on its scheduled installment contract payments since April, 1980. In May of 1980 the investors/assignees of the installment contract exercised their right to declare the entire principal of the contract due and payable and charge interest of 8% per annum on unpaid principal. As of June 30, 1982, $417,592 in interest paid from the fund was being held in an escrow account with the fiscal agent. This account is outside the control of the Minnesota State Zoological Board (MSZB), and accordingly, is not included in the fund's assets. Investors/assignees have the option of repossessing the monorail equipment.

Revenue refunds payable totalling an estimated $30,000,000, included in the General Long-Term Debt Account Group, are for overpayments of taconite occupation taxes by several mining companies. The overpayments are for the years 1971 through 1981. The refunds are currently being paid through credits to sales tax owed by the mining companies involved. The amount of such credits to be applied against F.Y. 1983 sales tax is an estimated $2,500,000. The $30,000,000 is included in the $70,000,000 contingent liability in litigation item number 5 in Note 17 and is the estimated amount owed the mining companies even if the courts decide in favor of the state.

14. FUNDS HELD IN TRUST

Funds held in trust are the net assets held in various trust and agency funds for which the state performs a fiduciary role. This treatment was also used in presenting the pension trust funds. Because the state's relationship to these funds is custodial in nature, the net assets are presented as a liability rather than as an equity interest.

15. LONG-TERM COMMITMENTS

Long-term commitments, consisting of grant agreement, construction and other contracts, in the following amounts, were outstanding as of June 30, 1982:

Capital Projects Funds:	
General Project Fund	$ 1,069,418
Transportation Fund	70,034,075
Building Fund	77,180,419
Special Revenue Funds:	
Trunk Highway Fund	$133,351,079
Miscellaneous Special Revenue Fund	19,200,994
Total	$300,835,985

These commitments will be partially funded by the current reserves for long-term commitments with the remaining resources provided by the proceeds of future bond sales, future mining tax revenues (Miscellaneous Special Revenue Fund), and federal grants (Trunk Highway and Transportation Funds).

16. CONTINGENT LIABILITIES - LITIGATION

For the payment of tort claims against the state, the Minnesota Legislature appropriated $750,000 per year for the fiscal years ending June 30, 1980 and 1981, and $850,000 per year for the fiscal years ending June 30, 1982 and 1983. Payments from these appropriations were $247,651 in 1980, $633,682 in 1981, and $727,012 in 1982.

The State, its officers and employees, are defendants in numerous lawsuits. The following cases have been noted because an adverse decision could result in expenditures of state moneys in excess of current levels.

1. Eight highway construction contractors have filed suit in various County District Courts in Minnesota for (1) breach of contract claiming damages for extra work on the basis of the State's alleged failure to report test results; (2) breach of warranty claiming damages on the basis that the contractor had to redo grading work; (3) breach of warranty claiming damages on the basis of extra work caused by the State's alleged delay; (4) breach of contract, claiming damages for decreased quantities of work; (5) breach of warranty, claiming damages on the basis of extra work required by unknown conditions; (6) breach of warranty, claiming damages on the basis of faulty plans provided by the State; (7) breach of contract, claiming liquidated damages; and (8) breach of warranty, claiming damages for extra work due to undisclosed soil conditions. Adverse decisions on any of these claims may impact the Trunk Highway Fund. Decisions on these matters are likely to be rendered over the period of the next two years.

2. In actions commenced in various County District Courts throughout Minnesota, there are ten claims pending against the State in which parties allege diminished value of their respective properties caused by state highway construction. The matters are at various litigation stages and decision dates are unknown. Adverse decisions may impact the Trunk Highway Fund.

3. Minnesota Association of Health Care Facilities v. Department of Public Welfare (United States District Court, District of Minnesota). In this action the plaintiff Association is challenging the constitutional and statutory propriety of the Department of Public Welfare's principal rule on reimbursements to long-term care facilities and is also questioning the constitutionality of a state statute which equalizes reimbursement rates. Any liability arising out of an adverse decision may impact the General Fund; however, certain moneys paid in such eventuality may be reimbursable under applicable federal programs. A decision is anticipated in the next few months.

4. Craik v. State University Board, et al. (United States Court of Appeals, Eighth Circuit). In this class action alleging sex discrimination, plaintiffs challenge salary payments made to all female faculty members at St. Cloud State University. The State won in District Court but appeal has been taken to the U.S. Court of Appeals, Eighth Circuit. Liability arising from an adverse decision and award to plaintiff may impact the General Fund.

5. Iron Ore Occupation Tax Cases (Minnesota Supreme Court). Minnesota's taconite mining companies have commenced actions in the Minnesota Tax Court seeking a refund of state occupation taxes paid for 1971 and subsequent years. The companies claim certain additional deductions in computing the occupation tax, and, for 1974 and subsequent years, the companies claim that the occupation tax exceeds statutory and constitutional tax limits. In a test case submitted to the Minnesota Tax Court, the court ruled for the companies. The case has been appealed to the Minnesota Supreme Court and a decision is not expected until early 1983. The amount of the taxes collected for the years 1971 through 1981 (1982 is not yet computed) is $135,823,000, of which the claimed amount is approximately $70 million. Any liability arising out of a decision against the State would affect the General Fund. (See note 13.)

6. Taconite Production Tax Cases (Minnesota Tax Court). Minnesota's taconite companies

have commenced actions in the Minnesota Tax Court seeking the elimination of the taconite production tax and a refund of such taxes paid for 1975 and subsequent years. Plaintiffs allege that the production taxes are excise taxes subject to and in excess of statutory limits and are, therefore, unlawful. The cases raise issues related to the Iron Ore Occupation Tax Cases discussed above. A legal briefing schedule has not yet been established. The amount of production taxes collected for the years 1975 through 1981 is $556,649,792. Approximately 99 percent is redistributed to local government units. Any liability arising out of a decision against the State may impact the General Fund, the Northeast Minnesota Economic Protection Fund, the Taconite Area Environmental Protection Fund (part of the Miscellaneous Special Revenue Fund) and local government funds.

7. Railroad Gross Earnings Tax Cases (Ramsey County District Court). In March, 1976, seven different railroad companies instituted suits in Ramsey County District Court challenging the constitutionality of the Minnesota gross earnings tax as applied to railroads. The plaintiffs contend that gradual changes in Minnesota's tax laws, Minnesota and national transportation systems and the national economy have rendered the railroad gross earnings tax unconstitutional as a violation of either the Due Process and Equal Protection Clauses of the fourteenth amendment to the United States Constitution or the Commerce Clause, or both. Plaintiffs further allege that Public Law 94-210 (the Railroad Revitalization and Regulatory Reform Act of 1976) renders the gross earnings tax unconstitutional as a violation of the Commerce Clause of the United States Constitution. Plaintiffs seek elimination of the gross earnings tax and a refund of the gross earnings tax payment made for the years 1971 through 1977. The amount of gross earnings taxes collected for the years 1971 through 1977 is $84,470,320. Any liability arising out of a decision against the State may impact the General Fund. The tax has not been levied since 1977.

8. Minneapolis Star & Tribune v. Commissioner of Revenue (United States Supreme Court). The Minneapolis Star & Tribune Company commenced an action in Hennepin County District Court alleging that the use tax imposed by Minnesota Statutes 297A.14 is unconstitutional because, as applied to newspaper publishing companies, it violates the Equal Protection and the Due Process Clauses of the fourteenth amendment of the United States Constitution and because it constitutes a denial of the freedoms of speech and of the press in violation of the first amendment of the United States Constitution. The tax in dispute applied, starting January 1, 1974, to the cost of paper and ink products in excess of $100,000 in any calendar year utilized in producing a newspaper. The exact amount of such taxes which are at issue in this case and the annual amount of such taxes anticipated to be collected in the future have not been determined. However, it is estimated that approximately $10 million in refunds will have to be made to various users of paper and ink if the State receives an adverse decision. The Minneapolis Star & Tribune Company has received a favorable verdict on this matter in Hennepin County District Court, but the Minnesota Supreme Court has decided in favor of the Commissioner. The plaintiffs have appealed to the United States Supreme Court. Any liability arising against the State, out of a final decision which is expected within the next year, may impact the General Fund.

9. Erie Mining Company and Hibbing Taconite Co. (Minnesota Tax Section Court). These two companies are contesting the constitutional validity of Minnesota Statutes 298.24, Subd. 1(c) (Supp. 1977). This statute provides for calculation of the taconite production tax on either the current year's production or the average production of the current and two previous years, whichever is higher. The parties are currently briefing the case in

Tax Court. A decision is expected in approximately one year. If the plaintiffs prevail, the amount of refunds due to these mining companies will vary between $18,571,402 and $26,869,000 depending on the theory upon which they prevail. Refunds would be in the form of credits against current tax liability. The exact amount of future revenues which an adverse decision will affect has not been determined. Any liability arising out of a decision against the State may impact the General Fund and local government funds receiving distributions from the production tax.

10. United States Fire Ins. Co. v. Smith, Barney, Harris, Upham & Co., et al. (United States District Court District of Minnesota). The Minnesota State Zoological Board is named as a third-party defendant in this action by monorail investors for damages against the construction underwriters and bond counsel. Trial is not expected until early 1983. However, decision on a summary judgment motion seeking to dismiss the State is expected before the end of 1982. The General Fund may be impacted by any liability arising from an adverse decision.

11. Approximately twelve cases brought under the federal Civil Rights Act are pending. In many of these cases the substantive issues relate only to declaratory judgments and/or injunctions as to State laws. If the State loses parts of these cases, the State may be assessed for plaintiffs' attorneys' fees. The decisions in these matters are expected to be rendered at various times over the next two years. Any liability arising from adverse decisions may impact the General Fund.

12. Trustees of the Minnesota Public Employees Retirement Ass'n., et al. v. The Minnesota State Board of Investment, et al. (Ramsey County District Court). The Board of Investment comprises the Governor, the State Treasurer, the Secretary of State, the State Auditor and the Attorney General. The plaintiffs allege that the State Board of Investment and its appointees have not produced adequate rates of return on investments made with public employees' pension funds. The plaintiffs seek damages and other relief. Defendants' motion to dismiss was granted with prejudice. Plaintiffs' appeal to the Minnesota Supreme Court has been argued and a decision is expected in early 1983. Any liability arising from a decision adverse to the defendants may impact the General Fund.

13. Northern States Power Co. v. Commissioner of Revenue (Ramsey County District Court). The Northern States Power Company is seeking a refund of income taxes in the amount of approximately $1.9 million. The suit is based upon alleged errors made in filing tax returns for several years. No trial date has been established and, therefore, a date of decision is unknown. Any liability arising from a decision adverse to the State may impact the General Fund.

14. Ramsey, Hennepin and St. Louis Counties v. Commissioner of Revenue (Ramsey County District Court). Minnesota Statutes Section 291.33 provided that on or before November 1 of each year the Commissioner of Revenue should remit ten percent of all inheritance and estate taxes collected in the fiscal year ended June 30 to the decedent's county and appropriated funds for such payments from the State treasury. On June 6, 1981, that statute was repealed, effective January 1, 1981. The counties claim they are entitled to ten percent of the $19 million inheritance and estate taxes collected by the Commissioner from July 1, 1980 to December 31, 1980, or $1.9 million. A district court decision is expected in 1983. Any liability arising from a decision against the State would impact the General Fund.

15. Ford Motor Company v. Commissioner of Revenue (Minnesota Tax Court). In this action filed in November of 1982, the plaintiff is seeking a refund of a portion of gasoline taxes paid during the period April of 1979 through October of 1982, claiming that the Minnesota gasoline tax should not have been applied because the product was shipped out of state rather than being consumed in Minnesota. The amount claimed is approximately $1 million. A decision is not expected until late 1983. Any liability arising out of a decision against the state would affect the Highway Users Fund.

16. IBM Corp. v. Commissioner of Revenue (Hennepin County District Court). In this action filed in April of 1982, the plaintiff is seeking a refund of a portion of the state corporate income tax paid for the years 1975, 1976 and 1977. The plaintiff claims that the income tax was improperly assessed against dividends paid to the parent corporation from wholly-owned subsidiaries which do not do business in Minnesota. The amount claimed is $2,503,000. A decision is not expected until late 1983. Any liability arising out of a decision against the State would affect the General Fund.

No opinion is expressed concerning the possible outcome of any of the above cases. Additionally, the State's policy is to address the specific impact of judgments against the State after a final judicial decision is rendered.

17. CONTINGENT LIABILITIES - OTHER

Municipal Debt Service

Under Minnesota Statutes Section 475A.02, Municipal Debt Sevice Aid Law, the state is contingently liable as guarantor for outstanding bonds on June 30, 1982 totalling $8,073,181. Statutory provisions allow defaults to first be charged to funds deposited in the Miscellaneous Agency Fund, until depleted, then to the General Fund with subsequent reimbursement to be made from the proceeds of general obligation bonds to be sold.

Family Farm Security Loans

Under Minnesota Statutes Section 41.56, the Family Farm Security Loan Program, the state is contingently liable as guarantor for 90% of the $60,692,302 of outstanding loans as of June 30, 1982. All loans are secured by mortgages on real property. In the event of default, proceeds from the sale of foreclosed property are first applied to the unpaid balance, any remaining debt is then charged to a dedicated portion of the Miscellaneous Special Revenue Fund. Of the loans guaranteed, to date only one has resulted in a charge-off, of $39,000; an additional two loans are presently in default.

Maximum Effort School Loans

General obligation bonds payable in the amount of $35,660,000 are recorded in the Maximum Effort School Loan Fund (an enterprise fund) but rely upon General Fund resources for funding of debt service requirements if the amounts available in the Maximum Effort School Loan Fund are insufficient. During F.Y. 1982 debt service requirements of $3,398,664 were funded by the General Fund.

Pension Trust Funds

Unfunded liabilities of the pension funds for which the state may be contingently liable, can be divided into three groups: those pension trust funds primarily for state employees; those funds for public employees where the state currently assumes the employers share of retirement contribution; and, those pension funds where the state is funding a portion of the unfunded liability (in the case of Local Police and Fire only the unfunded liability as of 12-31-78). The pension funds involved, the year end for which the most current data is available and the unfunded liability are provided on the following page.

State Employee Funds:		
State Employees Retirement Fund	6-30-82	$ 255,257,747
Highway Patrolmens Retirement Fund	6-30-82	43,272,286
Judges Retirement Fund	6-30-82	26,476,726
Funds for Which State Pays Employers Contribution:		
Teachers Retirement Fund	6-30-82	$1,397,335,070
Minneapolis Teachers Retirement Fund	12-31-81	241,555,944
St. Paul Teachers Retirement Fund	12-31-81	127,317,600
Duluth Teachers Retirement Fund	6-30-81	(9,700,000)
Funds for Which State Assumes a Portion of the Unfunded Liability:		
Minneapolis Employees Retirement Fund	12-31-80	$ 187,990,477
Local Police and Fire Funds	12-31-78	122,800,000

The unfunded liabilities for other pension trust funds for which the state has custodial responsibility, but for which the state is not contingently liable, were as follows on June 30, 1982:

Public Employees Retirement Fund	$368,770,702
Police and Fire Fund	13,280,428

The above liabilities were computed using the entry age normal cost (level normal cost) method, and assuming a 5 percent interest rate and a 3 1/2 percent annual salary growth rate. Additional annual contributions are provided to reduce the current unfunded liabilities. It is the intent of the legislature to retire current undunded liabilities by June 30, 2009. In addition, the state is also contingently liable for funding of the Legislative Retirement Plan and the Elective State Officers Plan. Because of a lack of current actuarial valuations, neither of these plans could be properly presented in this report.

Potential Employee Claims for Compensated Absences

Most state employees may accumulate vacation leave to a maximum of 240 working hours or 30 days and all such leave must be liquidated at termination. Employees who are separated from state service after 20 years of state service, or by reason of death, retirement, or layoff (excluding seasonal) are entitled to a portion of the employee's accumulated but unused sick leave.

The cost of vacation and sick leave is charged against agency appropriations when leave is used rather than when leave is earned. GAAP requires the recognition of compensated absences in F.Y. 1982 for proprietary funds and in F.Y. 1984 for governmental and similar funds (see note 10).

18. CONTRIBUTED CAPITAL

Contributed capital of the enterprise and internal service funds consists of moneys or capital assets from, or financed primarily by, General Fund resources.

19. RETAINED EARNINGS

Reserved retained earnings are portions of fund equity legally segregated for specific uses. Retained earnings reserved per state law are funds appropriated to the Minnesota Housing Finance Agency.

20. FUND BALANCES

The reserved portion of the fund balances indicates that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use.

The unreserved portion of the fund balance consists of:

- designated fund balance indicating tentative managerial plans for future use of resources; and

- undesignated fund balance indicating those unreserved financial resources not dedicated in any manner.

21. FUND BALANCES - DEFICITS

General Fund

The undesignated General Fund balance deficit of $705 million is primarily the result of revenue shortfalls and is increased by the differences in accounting for budgetary purposes and those for GAAP.

Minnesota law requires a balanced budget for the two year budget period. Fiscal year 1982 was the first year of the current budget cycle. When the budget for the F.Y. 1982-83 biennium was enacted, a balanced budget was projected for both years. In November of 1981 and again in March of 1982, revenue reforecasts projected decreased revenues for the biennium. The revenue and expenditure measures enacted at these times to balance the budget for the biennium provided for a deficit at the end of F.Y. 1982 of $687 million (on the budgetary basis) which was to be financed from increased revenues and expenditure reductions in F.Y. 1983. The June 30, 1983 fund balance as projected in March 1982 was $127.7 million. (See note 32 for revenue and expenditure forecasts after June 30, 1982.)

The budget basis fund balance resulting from accounting and reporting practices used to determine the state's official surplus or deficit in the General Fund differs from the GAAP basis fund balance by the following:

Reconciliation-Budgetary to GAAP Basis
(000's Omitted)

General Fund Undesignated Fund Balance June 30, 1982 - Budgetary Basis	$(652,582)
Effect of recognition of revenues, transfers, and advances for accrual purposes:	
Taxes Receivable	8,740
Public Welfare Receivable	11,735
Reimbursement for Gas Tax Refunds	1,096
Deferred Revenue	(11,354)
Other	1,040
Effect of recognition of liabilities, transfers, and reserves for accrual purposes:	
Medical Assistance	(34,131)
Police and Fire Aid	(21,899)
Grants in Lieu of Taxes	(4,328)
Workers and Unemployment Compensation	(3,039)
Other	(546)
General Fund Undesignated Fund Balance June 30, 1982 - GAAP Basis	$(705,268)

Special Workers Compensation Fund

This fund provides supplementary workers compensation to workers whose injury or disability meets certain requirements. For the most part, payments from the fund are a reimbursement to insurance companies for payments to eligble injured workers. Funding for these reimbursements comes from an assessment on insurers and self-insurers. The deficit will be eliminated through increases in the assessment rate.

Highway Users Tax Distribution Fund

The combined unreserved fund balances for the special revenue funds include an unreserved fund deficit of $3,392,300 for the Highway Users Tax Distribution Fund. This deficit resulted from an accrual adjustment of transfers to be made to the General Fund and will be paid from F.Y. 1983 resources.

22. REVENUE REFUNDS

As a part of the individual income tax process, various tax credits are applied against taxes due or tax refunds are increased. These are included in individual income tax revenues and refunds for accounting purposes. These credits are considered grants to individuals by the state for budgeting purposes. The estimated amounts for most of these credits are used to adjust refunds so that net individual income tax revenues exclude these credits. The refunds for F.Y. 1982 include an amount for low income credit because it is not feasible to accurately estimate that portion of the refunds attributable to these credits.

23. GRANT EXPENDITURES

The following schedule provides additional detail of General Fund and special revenue funds grant expenditures.

Grants and Subsidies
Year Ended June 30, 1982

	General Fund	Combined Special Revenue Funds
Individuals and Private Organizations	$ 215,102,944	$ 546,335,000
School Districts	1,752,512,242	103,817,823
Other Local Subdivisions	732,118,379	273,405,587
Care and Hospitalization	365,388,645	438,010,748
Property Tax Relief	28,791,365	
Other Subdivisions	320,350,419	6,683,385
Other	1,618,803	3,960,497
Total	$3,415,882,797	$1,372,213,040

24. REIMBURSEMENTS - GENERAL FUND

The following schedule provides additional detail of General Fund reimbursements.

General Fund Reimbursements
Year Ended June 30, 1982
(000's Omitted)

Indirect Costs	$ 4,826
Federal Public Welfare Reimbursements	14,147
Medical Assistance Recoveries	44,213
Other	1,652
Total Reimbursements	$64,838

25. ACCOUNTING AND REPORTING CHANGES

Accounting and reporting changes have been made to recognize the changes required by NCGA Statement 1 and to conform more closely to generally accepted accounting principles. For some of the required accounting changes, the cumulative effect of such changes is included in net income for F.Y. 1982. Other of these changes require that fund equity and funds held in trust as of July 1, 1981 be restated to give retroactive effect to the changes in accounting and reporting. Those accounting changes requiring restatement of fund equity as of July 1, 1981 include:

- Special Revenue Funds (Special Workers Compensation Fund) - Prior period adjustment gives effect to accounts payable at July 1, 1981. Prior to F.Y. 1982 this fund has been reported on the cash basis.

- Fiduciary Funds (Permanent School Fund) - Prior period adjustment recognizes land held by the fund at July 1, 1981, valued at estimated market value at the date of acquisition. Land owned by the fund has not been included in fund assets prior to F.Y. 1982.

Reporting changes requiring restatement of beginning equity balances include activities, previously reported, which were analyzed and reclassified to more appropriate fund types. These reclassifications include:

- Special Workers Compensation Fund being reclassified as a special revenue fund. In previous years it was included as an agency fund.

- The Postage Clearing Account, previously reported as an internal service fund was reclassified to the Miscellaneous Agency Fund.

- Bond Proceeds Fund activity, previously reported as a capital projects fund was incorporated into the Building Fund.

- The Gift Fund is now reported as a part of the Endowment Fund, an expendable trust fund. Previously the Gift Fund was separately reported as a special revenue fund.

- Various enterprise funds which were previously reported separately have been combined and are reported as the Enterprise Activities Fund.

- Various internal service funds which were previously reported separately have been combined and are reported as the Central Services Fund.

- There was an accounting change in the Unemployment Compensation Fund, a special revenue fund, for which there is no restatement of beginning fund equity. This fund is now reported on the modified accrual basis. In F.Y. 1981 it was reported on a cash basis with a partial accural for revenues. Because it was not possible to determine beginning accural adjustments, it was not possible to restate beginning fund equity.

26. STATEMENT OF CHANGES IN FINANCIAL POSITION

The Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds has been prepared on a basis of cash as the total of cash and investments. For this purpose, investments include short-term marketable securities (cash equivalents), long-term securities and shares held or participation in the net assets of investment trust funds.

27. BUDGET STATEMENTS - SPECIAL REVENUE FUNDS

Statements of budgeted revenues and expenditures are presented only for the General Fund. Budgetary statements, as required by GAAP, have not been presented for the special revenue funds. Budgetary data for these funds as reported by the accounting system does not accurately reflect the budgetary data upon which appropriations were based. It was, therefore, not feasible to make comparisons of original appropriated budgets with actual results.

28. BUDGET STATEMENTS - GENERAL FUND

Budgets for revenues, expenditures, encumbrances and transfers of the General Fund begin with budgeted revenues, expenditures and transfers as appropriated as of July 1, 1981 by the 1981 Legislature.

Revenues, forecast as of the beginning of the fiscal year, are adjusted for the effects of revenue reforecasts (November 1981 and March 1982) and tax law changes enacted and effective during F.Y. 1982. The detail of these adjustments is provided with the resulting adjusted revenue estimates used for comparison with actual revenues.

Because of the revenue shortfalls projected in the revenue reforecasts, F.Y. 1982 appropriations were reduced by a special legislative session and the regular 1982 legislative session as part of the budget balancing measures for the 1982 and 1983 biennium. (See note 31.) Appropriation reductions are detailed with the resulting adjusted budgeted expenditures used for comparison with actual expenditures and encumbrances.

29. GENERAL FUND BUDGET STATEMENTS - ACTUAL REVENUE AND TRANSFERS-IN

Actual revenues and transfers-in on the budgetary basis do not equal those on the GAAP basis in the Statement of Revenues, Expenditures and Changes in Fund Balance. This inequality results primarily from differences in the recognition of accruals, reimbursements, deferred revenue, intrafund transactions and loan repayments. Below is a reconciliation of these differences.

Reconciliation of Revenues and Transfers from Other Funds
Budgetary Basis to GAAP Basis
June 30, 1982
(000's Omitted)

Total Net Revenues and Transfers from Other Funds - Budgetary Basis	$3,798,624
Accruals:	
Revenues	7,307
Revenue Refunds	8,121
Elimination of:	
Reimbursements	(67,369)
Intrafund Transactions	(47,351)
Deferred Revenue	(8,734)
Loan Repayments	(2,324)
Other	(309)
Total Net Revenues and Transfers from Other Funds - GAAP Basis	$3,687,965

30. GENERAL FUND BUDGET STATEMENTS - ACTUAL EXPENDITURES, ENCUMBRANCES AND TRANSFERS-OUT

Actual expenditures, encumbrances and transfers-out on the budgetary basis differ from the GAAP basis on the Statement of Revenues, Expenditures and Changes in Fund Balance. This inequality results primarily from the fact that on the budgetary basis encumbrances are recognized as expenditures in the year encumbered while on the modified accrual basis those encumbrances for which goods or services have been received by June 30 are recognized as expenditures regardless of the year encumbered. In addition, there are differences in the recognition of accruals, reimbursements, intrafund transactions and loan transactions. A reconciliation of these differences is provided on the following page.

Reconciliation of Expenditures, Encumbrances and Transfers to Other Funds - Budgetary Basis and Expenditures and Transfers to Other Funds - GAAP Basis
June 30, 1982
(000's Omitted)

Total Expenditures, Encumbrances and Transfers to Other Funds - Budgetary Basis	$4,401,625
Encumbrances:	
Current Year	(33,676)
Prior Year Expended in F.Y. 1982	23,239
Accruals	18,423
Elimination of:	
Reimbursements	(64,837)
Intrafund Transactions	(47,351)
Loan Transactions	(4,397)
Other	(733)
Total Expenditures and Transfers to Other Funds - GAAP Basis	$4,292,293

31. SUBSEQUENT EVENTS

The following events transpired subsequent to the close of the fiscal year ended June 30, 1982.

- On July 1, 1982, $450,000,000 in general obligation certificates of indebtedness (C.I.) were sold to finance current expenditures in anticipation of taxes to be collected by the General Fund. The certificates plus interest of $42,631,200 are payable on June 30, 1983. On this same date $360,000,000 of C.I.'s, sold on October 1, 1981, were repaid plus interest of $29,025,000.

- As required by the constitution and statute, transfers from the following funds were made on November 1, 1982 to the separately invested Debt Service Fund to cover principal and interest maturing through July 1, 1984:

General	$114,821,966
Trunk Highway	7,879,295
Game and Fish	103,108
Maximum Effort School Loan	1,821,826
Building	2,165,572
Employment Services Administration	187,130
Total Transfers to Debt Service Fund	$126,978,897

The Maximum Effort School Loan Fund did not have sufficient balance in its loan repayment account to make the total required debt service transfer on November 1. The Laws of 1981, Chapter 358, Article IX appropriated funds to the Maximum Effort School Loan Fund from the General Fund for that purpose and $4.6 million was provided. Transfers made by or on behalf of enterprise funds are not operating transfers under GAAP and will not be reported as debt service transfers debt service transfers in F.Y. 1983 financial statements.

- Special Session II, 1982 appropriated $7,500,000 from the Northeast Minnesota Economic Protection Fund for the creation and operation of an emergency public works job program for tax relief areas in northeast Minnesota. Moneys not expended from the appropriations by July 1, 1983 will revert to the fund.

- On August 1, 1982, $63,000,000 of general obligation bonds backed by the full faith and credit and taxing powers of the State of Minnesota were sold comprising:

  $24,100,000 in State Building Bonds
  $22,700,000 in State Transportation Bonds
  $13,200,000 in State Water Pollution Control Bonds
  $ 3,000,000 in State School Loan Bonds

  During the period July 1, 1982 through November 30, 1982, the Unemployment Compensation Fund received loans totalling $53,379,000 from the U.S. Department of Labor. In addition, $1,377,245 in interest was accrued through October 31, 1982, and $600,000 in interest was paid on October 1, 1982 from the Unemployment Compensation Fund.

- In September, 1982 and again in December, the Minnesota Housing Finance Agency sold revenue bonds. In September bonds were sold in two separate issues totalling $51,475,000. Those sold in December totalled $45,000,000. The proceeds of these bond sales are to be used for various housing programs.

- On November 18, 1982, the estimated June 30, 1983 unrestricted General Fund budgetary fund balance was revised to a projected deficit of $312.5 million. On December 13, 1982 a bill became law that included spending cuts and revenue increases resulting in a new projected fund balance at June 30, 1983 of $40.2 million.

- Retirement contributions to pension trust funds included in these statements were adjusted during the regular 1982 legislative session and again in the special session in December 1982. The employee contribution for the Highway Partolmens Retirement Fund, a defined benefit fund, was increased from 7% to 8.5% as of July 1, 1982. As a part of the budget balancing legislation in December 1982, employer contributions were reduced for all public employee pension funds in the state by 4%, for the period January 1,1983 to June 30, 1983. At the same time employee contributions were increased 2% for the year beginning January 1, 1983.

SUPPLEMENTAL FINANCIAL INFORMATION

STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
Veterans Service Building
St. Paul, Minnesota 55155

GERALD W. CHRISTENSON
Legislative Auditor

(612) 296-4708

Members of the Legislature

Honorable Albert H. Quie, Governor

Allan L. Rudell, Commissioner, Department of Finance

1. SCOPE OF AUDIT

We have examined the combining financial statements of the State of Minnesota, and certain individual funds presented within the combining financial statements, as explained in paragraph 2A, as of and for the year ended June 30, 1982 as shown on pages 45 to 95. Our examination was made in accordance with generally accepted auditing standards, except as limited by and subject to the reliances explained in paragraph 2, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

(Note: Individual fund audit opinions on the General Fund, Debt Service Fund, and General Long-Term Debt Account Group are presented earlier in this report along with the combined financial statements.)

2. SCOPE LIMITATIONS AND RELIANCES

A. AUDIT COVERAGE OF INDIVIDUAL FUNDS -- Our examination was made for the purpose of forming an opinion on the combining financial statements taken as a whole for each fund type. Our auditing procedures were of sufficient scope for us to form a full scope audit opinion on certain individual funds within the combining financial statements. These individual funds are indicated in the opinion paragraphs at the end of this audit report. The financial statements for all other individual funds have been subjected to the auditing procedures applied in the examination of the combining financial statements. However, the auditing procedures were not sufficient for us to form a full scope audit opinion on these individual funds. The audit report simply contains a comment paragraph for these individual funds and indicates whether the fund is fairly stated in all material respects in relation to the combining financial statements taken as a whole for each fund type.

B. LOCAL GOVERNMENT INFORMATION -- Our examination did not verify the accuracy of the information provided by local units of government. This information is used to calculate various educational aids paid from the FEDERAL FUND, a Special Revenue Fund. Accordingly, we were unable to determine the effect, if any, that reliance on this data will have on the financial position of this fund.

2. SCOPE LIMITATIONS AND RELIANCES (Cont'd.)

C. RELIANCE ON ACTUARIAL CERTIFICATIONS -- Note 17 discusses the unfunded liability of the DEFINED BENEFIT PENSION FUNDS and the POST RETIREMENT INVESTMENT FUND, an Investment Trust Fund. These amounts are presented in accordance with reports certified by the consulting actuaries for the various funds.

D. The state did not maintain adequate inventory or fixed asset records for the CORRECTIONAL INDUSTRIES FUND, an Enterprise Fund. Also, the TELECOMMUNICATIONS FUND, an Internal Service Fund, has not been analyzed to determine the proper accounting policies for the nature of their operations. We were unable to determine the effects, if any, on the financial statements of these individual funds.

3. OMISSION OF REQUIRED FINANCIAL STATEMENTS

Generally accepted accounting principles require budgetary comparative statements for the General Fund and Special Revenue Funds. These required statements are not presented for the SPECIAL REVENUE FUNDS, as explained in note 27.

4. LIABILITY EXPENDITURE RECOGNITION PROBLEMS

A. IMPROPER BEGINNING ACCRUALS--UNEMPLOYMENT COMPENSATION FUND -- The Unemployment Compensation Fund, a Special Revenue Fund, was reported on a cash basis in fiscal year 1981. It was impractical to reconstruct the proper revenue and expenditure accruals as of June 30, 1981. Accordingly, the fiscal year 1982 revenue and expenditures for the UNEMPLOYMENT COMPENSATION FUND are overstated by these 1981 accrual amounts and the beginning fund balance could not be restated as required by generally accepted accounting principles.

B. LIABILITY ESTIMATES - SPECIAL WORKERS COMPENSATION FUND -- Expenditures and accrued liabilities for the Special Workers Compensation Fund are reported based upon the date claims are submitted. The state did not maintain complete records to adequately identify all claims received but unpaid as of both June 30, 1981 and June 30, 1982. As a result, certain estimations were used in the calculation of the fiscal year 1981 and 1982 accrued liabilities. Because of insufficient information, we were unable to determine the effect, if any, of these estimations on the SPECIAL WORKERS COMPENSATION FUND.

5. UNCERTAINTIES AND CONTINGENCIES

A. LITIGATION -- The lawsuit numbered 6 in note 16 discusses the taconite production tax case which is pending. Production taxes totalling $47 million, including accrued interest, have been accumulated in the Northeast Minnesota Economic Protection Fund, an Expendable Trust Fund. Minnesota law stipulates that this money shall be held in trust until the year 2002, when it is to be used for designated purposes, or it may be expended earlier by special appropriation. (See Note 31) However, an adverse decision in the production tax case may require the repayment of these monies. Accordingly, we could not determine the effects, if any, that this lawsuit has on the NORTHEAST MINNESOTA ECONOMIC PROTECTION FUND.

5. UNCERTAINTIES AND CONTINGENCIES (Cont'd.)

B. POTENTIALLY UNCOLLECTIBLE SCHOOL LOANS -- The Maximum Effort School Loan Fund, an Enterprise Fund, has $45 million of outstanding loans to school districts. There are, however, various legal provisions whereby certain school districts may not be required to repay their outstanding loans. Because of the uncertainty associated with the future collectibility of these loans, we were unable to determine the effects, if any, on the MAXIMUM EFFORT SCHOOL LOAN FUND.

C. POTENTIAL REPOSSESSION OF ZOO MONORAIL EQUIPMENT -- As discussed in note 13, the Zoo Monorail Fund, which is a component of the Enterprise Activities Fund, has defaulted on the installment contract for purchase of the zoo monorail. The investors/assignees of the installment contract have various options following the default, including operating the monorail themselves or repossessing the monorail equipment. The investors/assignees have not exercised these options pending the outcome of litigation between the affected parties, as discussed in note 16. A decision by the investors/assignees to exercise certain of the options available to them would effectively eliminate the $5 million of assets of the fund. Accordingly, we could not determine the effects, if any, on the ENTERPRISE ACTIVITIES FUND.

6. ASSET VALUATION PROBLEMS

A. INVENTORY - TRUNK HIGHWAY FUND -- Inventory of $14 million is reported on the TRUNK HIGHWAY FUND, a Special Revenue Fund. Our audit tests indicated errors in the physical counts and we could not verify unit prices. We were unable to reasonably determine the effects of this departure from generally accepted accounting principles.

B. FIXED ASSETS - COMPUTER SERVICES FUND -- We could not determine the proper ownership of certain fixed assets included in the Computer Services Fund, an Internal Services Fund. This fund has served as an agent in acquiring and/or financing computer equipment for state agencies. Due to the lack of formal agreements between the fund and the state agencies for these acquisitions, we were unable to determine which party bears the rights and risks of ownership relative to these assets. Accordingly, we could not determine the effects, if any, of these transactions on the COMPUTER SERVICES FUND.

7. CLASSIFICATION PROBLEMS

COLLEGE AND UNIVERSITY FUNDS -- The state universities and community colleges are not reported in compliance with the accounting principles promulgated by the National Association of College and University Business Officers (NACUBO) as required by generally accepted accounting principles. The college and university activities are reported as discussed in note 1. If these activities were presented as required by NACUBO, the following funds would be materially affected:

7. CLASSIFICATION PROBLEMS (Cont'd.)

- Special Revenue Funds -- FEDERAL FUND
- Capital Projects Funds -- GENERAL PROJECTS FUND
  -- BUILDING FUND
- Agency Funds -- STATE UNIVERSITY SYSTEM STUDENT ACTIVITY FUND
  -- COMMUNITY COLLEGE SYSTEM ALL COLLEGE FUND
- Expendable Trust Funds -- ENDOWMENT FUND
- Enterprise Fund -- STATE UNIVERSITY BOARD REVENUE BOND FUND

8. SUPPLEMENTAL INFORMATION

A supplemental Statement of Changes in General Long-Term Debt, relating to the General Long-Term Debt Account Group, is presented in this financial report. Our examination of the account group was made for the purpose of forming an opinion on its basic financial statement. The supplemental statement is presented for the purpose of additional analysis and is not a required part of the basic financial statement. This statement has been subjected to the auditing procedures applied in the examination of the basic financial statement, and is subject to the same qualifications relating to the General Long-Term Debt Account Group as cited in the opinion on the combined financial statements on page 5.

As listed in the table of contents, there are two supplemental schedules of general obligation debt relating to the General Long-Term Debt Account Group and certain Enterprise Funds. Our examination of the account group and funds was made for the purpose of forming an opinion on their basic financial statements. The supplemental schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the General Long-Term Debt Account Group and Maximum Effort School Loan Fund and State University Board Revenue Bond Fund.

OPINION AND/OR COMMENT PARAGRAPHS
ON THE COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

In our opinion, EXCEPT FOR the omission of the required budgetary comparative statements as explained in paragraph 3 and the effects of the matters discussed in paragraphs 4A, 6A, and 7, and SUBJECT TO the effects, if any, of the matters discussed in paragraphs 2B and 4B, the aforementioned combining financial statements present fairly the financial position of the SPECIAL REVENUE FUNDS of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in note 25.

*In our opinion, EXCEPT FOR the omission of the required budgetary comparative statements as explained in paragraph 3 and the effects of the matter discussed in paragraph 6A, the aforementioned financial statements present fairly the financial position of the TRUNK HIGHWAY FUND of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

*In our opinion, EXCEPT FOR the omission of the required budgetary comparative statements as explained in paragraph 3, the aforementioned financial statements present fairly the financial position of the EMPLOYMENT SERVICES ADMINISTRATION FUND of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

*In our opinion, EXCEPT FOR the omission of the required budgetary comparative statements as explained in paragraph 3, and SUBJECT TO the effects, if any, of the matter discussed in paragraph 4B, the aforementioned financial statements present fairly the financial position of the SPECIAL WORKERS COMPENSATION FUND of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in note 25.

*In our opinion, EXCEPT FOR the omission of the required budgetary comparative statements as explained in paragraph 3 and the effects of the matter discussed in paragraph 4A, the aforementioned financial statements present fairly the financial position of the UNEMPLOYMENT COMPENSATION FUND of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year after giving retroactive effect to the accounting changes, with which we concur, as explained in note 25.

*Indicates those individual funds for which sufficient auditing procedures were applied to form a full scope audit opinion.

In our opinion, except for the effects of the matter discussed in paragraph 7 and subject to the effects, if any, of the matter discussed in paragraph 2B on the FEDERAL FUND, and except for the omission of the required budgetary comparative statements as explained in paragraph 3, the financial statements of the STATE AIRPORTS FUND, GAME AND FISH FUND, HIGHWAY USERS TAX DISTRIBUTION FUND, FEDERAL FUND, HISTORICAL SOCIETY FUND, AND MISCELLANEOUS SPECIAL REVENUE FUND are fairly stated in all material respects in relation to the combining Special Revenue Fund financial statements taken as a whole.

CAPITAL PROJECT FUNDS

In our opinion, EXCEPT FOR the effects of the matter discussed in paragraph 7, the aforementioned combining financial statements present fairly the financial position of the CAPITAL PROJECT FUNDS of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

*In our opinion, the aforementioned financial statements PRESENT FAIRLY the financial position of the TRANSPORTATION FUND of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

In our opinion, except for the effects of the matter discussed in paragraph 7 and considering the fund structure change disclosed in note 25, the financial statements of the GENERAL PROJECTS FUND and the BUILDING FUND are fairly stated in all material respects in relation to the combining Capital Project Fund financial statements taken as a whole.

ENTERPRISE FUNDS

In our opinion, EXCEPT FOR the effects of the matters discussed in paragraph 7, and SUBJECT TO the effects, if any, of the matters discussed in paragraphs 5B and 5C, the aforementioned combining financial statements present fairly the financial position of the ENTERPRISE FUNDS of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

*In our opinion, the aforementioned financial statements PRESENT FAIRLY the financial position of the HOUSING FINANCE AGENCY LOAN FUNDS, HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN FUNDS, and HIGHER EDUCATION FACILITIES AUTHORITY BOND FUND, of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally cepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

Because of the uncertain collectibility of its loans receivable as discussed in paragraph 5B, we were unable to determine whether the MAXIMUM EFFORT SCHOOL LOAN FUND would be able to continue its existence as a self-sustaining activity. Accordingly, WE EXPRESS NO OPINION on its financial statements as of June 30, 1982.

*Indicates those individual funds for which sufficient auditing procedures were applied to form a full scope audit opinion.

*In our opinion, EXCEPT FOR the effects of the matter discussed in paragraph 7, the aforementioned financial statements present fairly the financial position of the STATE UNIVERSITY BOARD REVENUE BOND FUND of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year after giving retroactive effect to the accounting changes, with which we concur, as explained in note 17.

Because inadequate inventory and fixed asset records were maintained, as discussed in paragraph 2D, the scope of our work was not sufficient to enable us to express, and WE DO NOT EXPRESS, an opinion on the CORRECTIONAL INDUSTRIES FUND financial statements at June 30, 1982.

In our opinion, except for the effects of the matter discussed in paragraph 5C, the financial statements of the ENTERPRISE ACTIVITIES FUND are fairly stated in all material respects in relation to the combining Enterprise Fund financial statements taken as a whole.

INTERNAL SERVICE FUNDS

In our opinion the aforementioned combining financial statements PRESENT FAIRLY the financial position of the INTERNAL SERVICE FUNDS of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with the preceding fiscal year after giving retroactive effect to the accounting and fund structure changes discussed in notes 17 and 25.

*In our opinion, the aforementioned financial statements PRESENT FAIRLY the financial position of the CENTRAL STORES FUND, STATE PRINTER FUND, and CENTRAL MOTOR POOL FUND, of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year after giving retroactive effect to the accounting changes discussed in note 17.

*In our opinion, SUBJECT TO the effects, if any, of the matter discussed in paragraph 6B, the aforementioned financial statements present fairly the financial position of the COMPUTER SERVICES FUND of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year after giving retroactive effect to the accounting changes discussed in note 17.

Because the state did not analyze the appropriateness of their accounting policies, as discussed in paragraph 2D, the scope of our work was not sufficient to enable us to express, and WE DO NOT EXPRESS, an opinion on the TELECOMMUNICATIONS FUND financial statements as of June 30, 1982.

In our opinion, the financial statements of the CENTRAL SERVICES FUND are fairly stated in all material respects in relation to the combining Internal Service Fund financial statements taken as a whole.

*Indicates those individual funds for which sufficient auditing procedures were applied to form a full scope audit opinion.

PENSION TRUST FUNDS

*In our opinion, relying on the certifications from the consulting actuaries as to reserves required, as explained in paragraph 2C, the aforementioned combining and individual fund financial statements PRESENT FAIRLY the financial position of the DEFINED BENEFIT PENSION FUNDS of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*In our opinion, the aforementioned combining and individual fund financial statements PRESENT FAIRLY the financial position of the DEFINED CONTRIBUTION PENSION FUNDS of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

*In our opinion, relying on the certifications from the consulting actuaries as to reserves required for the MINNESOTA POST RETIREMENT INVESTMENT FUND, as explained in paragraph 2C, the aforementioned combining and individual fund financial statements PRESENT FAIRLY the financial position of the INVESTMENT TRUST FUNDS of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

NONEXPENDABLE TRUST FUND

*In our opinion, the aforementioned financial statements present fairly the financial position of the PERMANENT SCHOOL FUND of the State of Minnesota at June 30, 1982, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year after giving retroactive effect to the accounting change, with which we concur, as explained in note 25.

EXPENDABLE TRUST FUNDS

In our opinion, SUBJECT TO the effects, if any, of the matter discussed in paragraph 5A, the aforementioned combining financial statements present fairly the financial position of the EXPENDABLE TRUST FUNDS of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year after giving retroactive effect to the fund structure change, with which we concur, as discussed in note 25.

*In our opinion, the aforementioned financial statements PRESENT FAIRLY the financial position of the COUNTY STATE AID HIGHWAY FUND, MUNICIPAL STATE AID STREET FUND, and the ENDOWMENT SCHOOL FUND of the State of Minnesota at June 30, 1982, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

In our opinion, EXCEPT FOR the effects of the matter discussed in paragraph 7, and considering the fund structure change discussed in note 25, the financial statements of the ENDOWMENT FUND are fairly stated in all material respects in relation to the combining Expendable Trust Fund financial statements taken as a whole.

*Indicates those individual funds for which sufficient auditing procedures were applied to form a full scope audit opinion.

In our opinion, the financial statements of the RURAL REHABILITATION TRUST FUND are fairly stated in all material respects in relation to the combining Expendable Trust Fund financial statements taken as a whole.

Because of the uncertainty resulting from the lawsuit discussed in paragraph 5A, we were unable to determine whether the NORTHEAST MINNESOTA ECONOMIC PROTECTION FUND will be able to continue its existence. Accordingly, WE EXPRESS NO OPINION on its financial statements as of June 30, 1982.

AGENCY FUNDS

In our opinion, EXCEPT FOR the effects of the matter discussed in paragraph 7, the aforementioned combining financial statements present fairly the financial position of the AGENCY FUNDS of the State of Minnesota at June 30, 1982, and the changes in assets and liabilities for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year after giving retroactive effect to the fund structure change, with which we concur, as explained in note 25.

In our opinion, the DISBURSEMENT CLEARING FUND, TAXES CLEARING FUND, SOCIAL WELFARE FUND, FEDERAL COUNTY ROAD AND BRIDGE FUND and MISCELLANEOUS AGENCY FUND financial statements are fairly stated in all material respects in relation to the combining Agency Fund financial statements taken as a whole. In our opinion, the STATE UNIVERSITY SYSTEM--STUDENT ACTIVITY FUND and COMMUNITY COLLEGE SYSTEM--ALL COLLEGE FUND are not fairly stated because of the effect of the matter discussed in paragraph 7.

Gerald W. Christenson

Gerald W. Christenson
Legislative Auditor

December 14, 1982

SPECIAL REVENUE FUNDS

The **State Airports Fund** receives revenue from aviation related taxes and fees. These revenues are used by the Department of Transportation to provide technical and financial assistance to municipal airports and to promote aviation safety, planning and regulation.

The **Game and Fish Fund** receives revenues from licenses and fines related to hunting and fishing, the receipts of which are appropriated to the Department of Natural Resources for related purposes.

The **Trunk Highway Fund** is supported by revenues from the Highway Users Tax Distribution Fund and federal grants to provide planning, design, construction and maintenance of the state trunk highway system.

The **Highway Users Tax Distribution Fund** receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

The **Federal Fund** receives and disburses federal government grants and reimbursements. The fund is administered in accordance with grant agreements between the state and federal agencies.

The **Employment Services Administration Fund** receives federal funds to finance the administration of the unemployment insurance and job services programs.

The **Special Workers Compensation Fund** provides reimbursement for supplemental workers compensation benefits paid.

The **Historical Society Fund** receives donations, grants and transfers for the purposes of collecting, preserving, interpreting and disseminating information about the state's history.

The **Unemployment Compensation Fund** receives unemployment taxes collected from employers and makes payments to eligible individuals in the form of unemployment benefits.

The **Miscellaneous Special Revenue Fund** receives revenue from various dedicated sources, the expenditures of which are limited by constitution or law for specific purposes.

STATE OF MINNESOTA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

	State Airports	Game and Fish	Trunk Highway	Highway Users Tax Distribution
ASSETS				
Cash	$ (21)	$ 8,365	$ (1,016)	$ 4,858
Investments	6,381	—	84,520	—
Accounts Receivable	—	1,751	1,534	3,251
Due from Other Funds	223	36	2,005	—
Accrued Income	163	4	1,327	—
Federal Aid Receivable	—	623	31,753	—
Loans Receivable	2,077	—	—	—
Inventories	—	—	13,799	—
Deferred Costs	—	—	2	—
Restricted Assets	—	—	—	—
Advances to Other Funds	50	—	—	—
Total Assets	**$8,873**	**$10,779**	**$133,924**	**$8,109**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$1,134	$ 1,748	$ 30,641	$3,550
Payable to Other Funds	12	804	8,332	7,787
Payable to Other Governmental Units	—	—	16,993	—
Deferred Revenue	—	—	175	3
Payable from Restricted Assets	—	—	—	—
Advances from Other Funds	—	—	50	—
Total Liabilities	**$1,146**	**$ 2,552**	**$ 56,191**	**$11,340**
Fund Balances:				
Reserved:				
for Encumbrances	$3,124	$ 1,711	$ 17,290	$ 161
for Inventory	—	—	13,799	—
for Long-Term Receivables	2,077	—	—	—
for Advances to Other Funds	50	—	—	—
for Long-Term Commitments	—	—	34,998	—
Total Reserved Fund Balances	**$5,251**	**$ 1,711**	**$ 66,087**	**$ 161**
Unreserved:				
Designated for Carryover	$1,103	$ 857	$ 8,868	$ —
Designated for Fund Purposes	1,373	5,659	2,778	(3,392)
Designated by Donor Agreements	—	—	—	—
Total Unreserved Fund Balances	**$2,476**	**$ 6,516**	**$ 11,646**	**$(3,392)**
Total Fund Balances (Deficits)	**$7,727**	**$ 8,227**	**$ 77,733**	**$(3,231)**
Total Liabilities and Fund Balances	**$8,873**	**$10,779**	**$133,924**	**$ 8,109**

The notes to the combined statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

Federal	Employment Services Administration	Historical Society	Special Workers Compensation	Unemployment Compensation	Miscellaneous Special Revenue	Combined Totals
$13,507	$ 180	$ 644	$ 557	$(3,559)	$35,843	$ 59,358
—	—	2,312	—	—	27,997	121,210
861	—	23	—	18,620	1,973	28,013
2,539	746	130	1,854	7,165	4,112	18,810
—	—	11	—	—	376	1,881
78,275	2,905	—	—	—	—	113,556
—	—	—	—	—	1,843	3,920
—	—	314	—	—	—	14,113
699	3	11	—	—	13	728
—	—	2,811	—	—	—	2,811
—	—	—	—	—	—	50
$95,881	**$3,834**	**$6,256**	**$2,411**	**$22,226**	**$72,157**	**$364,450**
$78,313	$2,111	$ 391	$36,070	$15,080	$ 5,716	$174,754
6,888	1,723	35	353	—	2,214	28,148
—	—	—	—	—	—	16,993
10,680	—	—	—	1,456	—	12,314
—	—	275	—	—	—	275
—	—	—	—	—	1,050	1,100
$95,881	**$3,834**	**$ 701**	**$36,423**	**$16,536**	**$ 8,980**	**$233,584**
$ —	$ —	$ 476	$ —	$ —	$ 8,066	$ 30,828
—	—	314	—	—	—	14,113
—	—	—	—	7,851	1,681	11,609
—	—	—	—	—	—	50
—	—	—	—	—	16,566	51,564
$ —	**$ —**	**$ 790**	**$**	**$ 7,851**	**$26,313**	**$108,164**
$ —	$ —	$ —	$ —	$ —	$36,864	$ 47,692
—	—	2,230	(34,012)	(2,161)	—	(27,525)
—	—	2,535	—	—	—	2,535
$ —	**$ —**	**$4,765**	**$(34,012)**	**$ (2,161)**	**$36,864**	**$22,702**
$ —	**$ —**	**$5,555**	**$(34,012)**	**$ 5,690**	**$63,177**	**$130,866**
$95,881	**$3,834**	**$6,256**	**$ 2,411**	**$22,226**	**$72,157**	**$364,450**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30,1982
(000's Omitted)

	State Airports	Game and Fish	Trunk Highway	Highway User's Tax Distribution
Revenues:				
Taxes	$ 8,117	$ —	$ —	$ 430,691
Federal Grants	—	3,682	117,621	—
Intergovernmental Revenue	—	—	—	—
Departmental Earnings	3	17,368	17,972	1,671
Revenue from Use of Property	—	221	1,924	—
Gifts, Donations, Bequests	—	—	—	—
Statutory Fines	—	—	—	157
Investment Income	1,062	1,260	7,755	—
Other Revenue	—	403	3,533	4
Gross Revenue	**$ 9,182**	**$22,934**	**$ 148,805**	**$ 432,523**
Revenue Refunds	**1,105**	**31**	**87**	**27,579**
Net Revenue	**$ 8,077**	**$22,903**	**$ 148,718**	**$ 404,944**
Expenditures:				
Current:				
Protection of Persons/Property	$ —	$ —	$ 33,939	$ 6,666
Transportation	447	—	170,542	—
Resource Management	—	21,652	—	—
Economic/Manpower Development	—	—	—	—
Education	—	—	12	—
Health and Social Services	—	—	342	—
General Government	—	—	357	—
Total Current Expenditures	$ 447	$21,652	$ 205,192	$ 6,666
Capital Outlay:				
Equipment	$ 93	$ 1,491	$ 6,641	$ 71
Real Property	51	1,103	155,643	1
Total Capital Outlay	$ 144	$ 2,594	$ 162,284	$ 72
Grants and Subsidies:				
Individuals and Private Organizations	$ 248	$ 120	$ 63	$ —
School Districts	—	—	—	—
Local Subdivisions	7,006	11	46	—
Care and Hospitalization	—	—	—	—
Other Subdivisions	—	3	90	—
Other	—	—	—	—
Total Grants and Subsidies	$ 7,254	$ 134	$ 199	$ —
Total Expenditures	**$ 7,845**	**$24,380**	**$ 367,675**	**$ 6,738**
Reimbursements:				
to (from) Other Funds	1,554	190	(3,689)	1,499
Net Expenditures	**$ 9,399**	**$24,570**	**$ 363,986**	**$ 8,237**
Excess of Revenue Over (Under) Expenditures	**$(1,322)**	**$ (1,667)**	**$(215,268)**	**$ 396,707**
Other Financing Sources (Uses):				
Loans and Advances from Federal Government	$ —	$ —	$ —	$ —
Repayment of Advance from Federal Government	—	—	—	—
Operating Transfers In	—	276	245,564	—
Net Increase (Decrease) in Inventory	—	—	(1,978)	—
Operating Transfers to Debt Service Fund	(386)	(86)	(8,826)	—
Other Operating Transfers Out	—	(195)	—	(397,538)
Other	—	—	—	—
Net Other Financing Sources (Uses)	**$ (386)**	**$ (5)**	**$ 234,760**	**$(397,538)**
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	**$(1,708)**	**$ (1,672)**	**$ 19,492**	**$ (831)**
Fund Balance, July 1, 1981, as Reported	**$ 9,435**	**$ 9,889**	**$ 58,216**	**$ (2,400)**
Prior Period Adjustment	—	—	—	—
Change in Reporting Entity	—	—	—	—
Fund Balance, July 1, 1981, as Restated	**$ 9,435**	**$ 9,889**	**$ 58,216**	**$ (2,400)**
Net Residual Equity Transfers	—	10	25	—
Fund Balance, June 30, 1982	**$ 7,727**	**$ 8,227**	**$ 77,733**	**$ (3,231)**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1982
(000's Omitted)

Federal	Employment Services Administration	Historical Society	Special Workers Compensation	Unemployment Compensation	Miscellaneous Special Revenue	Combined Totals
$ —	$ —	$ —	$ 16,659	$ 245,631	$ —	$ 701,098
1,013,643	37,872	450	—	794	236	1,174,298
58	637	—	—	—	290	985
6	—	800	—	1,377	18,470	57,667
89	—	—	—	—	3,234	5,468
—	—	821	—	—	—	821
—	—	—	79	—	5	241
—	—	642	89	—	3,207	14,015
5,471	35	—	44	451	3,320	13,261
$1,019,267	**$ 38,544**	**$ 2,713**	**$ 16,871**	**$ 248,253**	**$ 28,762**	**$1,967,854**
4,857	**30**	—	**33**	—	**135**	**33,857**
$1,014,410	**$ 38,514**	**$ 2,713**	**$ 16,838**	**$ 248,253**	**$ 28,627**	**$1,933,997**
$ 6,831	$ —	$ —	$ —	$ —	$ 12	$ 47,448
482	—	—	—	—	10	171,481
9,495	—	—	—	—	4,823	35,970
17,875	47,911	—	104	3	11,423	77,316
11,542	—	7,974	—	—	2,468	21,996
15,885	—	—	—	—	3,397	19,624
784	—	—	—	—	1,306	2,447
$ 62,894	$ 47,911	$ 7,974	$ 104	$ 3	$ 23,439	$ 376,282
$ 1,653	$ 675	$ 259	$ —	$ 65	$ 607	$ 11,555
280	350	1,012	—	11	1,791	160,242
$ 1,933	$ 1,025	$ 1,271	$ —	$ 76	$ 2,398	$ 171,797
$ 120,973	$ 332	$ 361	$ 35,291	$ 387,538	$ 1,408	$ 546,334
103,250	88	—	—	—	480	103,818
249,066	26	132	—	—	17,118	273,405
438,011	—	—	—	—	—	438,011
6,215	—	177	—	—	199	6,684
3,960	—	—	—	—	—	3,960
$ 921,475	$ 446	$ 670	$ 35,291	$ 387,538	$ 19,205	$1,372,212
$ 986,302	**$ 49,382**	**$ 9,915**	**$ 35,395**	**$ 387,617**	**$ 45,042**	**$1,920,291**
27,470	(11,067)	(118)	(1,495)	—	711	15,055
$1,013,772	**$ 38,315**	**$ 9,797**	**$ 33,900**	**$ 387,617**	**$ 45,753**	**$1,935,346**
$ 638	**$ 199**	**$(7,084)**	**$(17,062)**	**$(139,364)**	**$(17,126)**	**$ (1,349)**
$ —	$ —	$ —	$ —	$ 115,133	$ —	$ 115,133
—	—	—	—	(19,291)	—	(19,291)
—	—	7,584	—	—	25,140	278,564
—	—	—	—	—	—	(1,978)
—	(199)	—	—	—	(203)	(9,700)
(601)	—	—	—	—	(1,717)	(400,051)
—	—	—	—	7,851	—	7,851
$ (601)	**$ (199)**	**$ 7,584**	**$ —**	**$ 103,693**	**$ 23,220**	**$ (29,472)**
$ 37	**$ —**	**$ 500**	**$(17,062)**	**$ (35,671)**	**$ 6,094**	**$ (30,821)**
$ —	**$ —**	**$ 5,055**	**—**	**$ 41,361**	**$ 58,329**	**$ 179,885**
—	—	—	(18,053)	—	—	(18,053)
—	—	—	1,103	—	(918)	185
$ —	**$ —**	**$ 5,055**	**$(16,950)**	**$ 41,361**	**$ 57,411**	**$ 162,017**
(37)	—	—	—	—	(328)	(330)
$ —	**$ —**	**$ 5,555**	**$(34,012)**	**$ 5,690**	**$ 63,177**	**$ 130,866**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

CAPITAL PROJECTS FUNDS

The **General Project Fund** receives monies appropriated from the General Fund for building or capital improvement projects.

The **Transportation Fund** receives proceeds of transportation bonds, general fund appropriations and federal grants for the construction or reconstruction of state and locally owned bridges.

The **Building Fund** receives revenue from the sale of state bonds to provide funds for the acquisition and betterment of public lands and buildings and for grants to local governments.

STATE OF MINNESOTA

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

	General Project	Transportation	Building	Combined Totals
ASSETS				
Cash	$1,845	$24,021	$ 1,122	$26,988
Investments	—	—	22,024	22,024
Accounts Receivable	—	2	—	2
Due from Other Funds	—	7,466	166	7,632
Accrued Investment Income	—	—	104	104
Federal Aid Receivable	—	1,497	—	1,497
Loans Receivable	—	—	646	646
Total Assets	**$1,845**	**$32,986**	**$24,062**	**$58,893**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 41	$ 8,032	$11,679	$19,752
Contract and Retainage Payable	3	20	802	825
Land Purchase Contracts Payable	—	—	74	74
Payable to Other Funds	5	—	1,998	2,003
Total Liabilities	**$ 49**	**$ 8,052**	**$14,553**	**$22,654**
Fund Balances:				
Reserved:				
Reserved for Long-Term Commitments	$—	$19,609	$—	$19,609
Reserved for Capital Projects	1,796	—	9,509	11,305
Total Reserved Fund Balances	**$1,796**	**$19,609**	**$ 9,509**	**$30,914**
Unreserved Designated for Carryover	$—	$ 5,325	$—	$ 5,325
Total Fund Balances	**$1,796**	**$24,934**	**$ 9,509**	**$36,239**
Total Liabilities and Fund Balances	**$1,845**	**$32,986**	**$24,062**	**$58,893**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	General Project	Transportation	Building	Combined Totals
Revenues:				
Federal Grants	$—	$ 30,896	$ 50	$ 30,946
Investment Income	—	—	3,535	3,535
Other	—	92	10	102
Total Revenues	**$—**	**$ 30,988**	**$ 3,595**	**$ 34,583**
Expenditures:				
Current:				
Protection of Persons/Property	$—	$ —	$ 254	$ 254
Transportation	—	154	240	394
Resource Management	2	—	3,881	3,883
Economic/Manpower Development	—	—	16	16
Education	21	—	1	22
General Government	118	—	12,442	12,560
Total Current Expenditures	$ 141	$ 154	$ 16,834	$ 17,129
Capital Outlay:				
Equipment	$ 7	$ —	$ 368	$ 375
Real Property	264	43,806	16,825	60,895
Total Capital Outlay	$ 271	$ 43,806	$ 17,193	$ 61,270
Grants and Subsidies:				
Private Organizations	$ 1	$ 2	$ 2,573	$ 2,576
School Districts	—	—	117	117
Local Subdivision	206	$ 8,686	19,873	28,765
Other Subdivisions	108	—	33,797	33,905
Total Grants and Subsidies	$ 315	$ 8,688	$ 56,360	$ 65,363
Total Expenditures	**$ 727**	**$ 52,648**	**$ 90,387**	**$ 143,762**
Reimbursements to (from) Other Funds	—	—	(221)	(221)
Net Expenditures	**$ 727**	**$ 52,648**	**$ 90,166**	**$ 143,541**
Excess of Revenues Over (Under) Expenditures	**$ (727)**	**$(21,660)**	**$(86,571)**	**$(108,958)**
Other Financing Sources (Uses):				
General Obligation Bonds	—	$ 22,400	$ 94,821	$ 117,221
Operating Transfers In	—	—	195	195
Operating Transfers to Debt Service Fund	—	—	(3,558)	(3,558)
Other Operating Transfers Out	(25)	—	(453)	(478)
Total Net Other Financing Sources (Uses)	**$ (25)**	**$ 22,400**	**$ 91,005**	**$ 113,380**
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	**$ (752)**	**$ 740**	**$ 4,434**	**$ 4,422**
Fund Balances, July 1, 1981, as Reported	**$2,548**	**$ 24,194**	**$ 2,663**	**$ 29,405**
Change in Reporting Entity	—	—	2,544	2,544
Fund Balances, July 1, 1981, as Restated	**$2,548**	**$ 24,194**	**$ 5,207**	**$ 31,949**
Net Residual Equity Transfers	—	—	(132)	(132)
Fund Balances, June 30, 1982	**$1,796**	**$ 24,934**	**$ 9,509**	**$ 36,239**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

ENTERPRISE FUNDS

The Housing Finance Agency Loan Funds provide money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes.

The Higher Education Coordinating Board Student Loan Funds make loans to qualified post secondary students.

The Maximum Effort School Loan Fund helps school districts finance construction of facilities.

The Higher Education Facilities Authority Bond Fund assists nonprofit nonsectarian post secondary educational institutions in financing construction of educational facilities.

The State University Board Revenue Bond Fund constructs, maintains and operates college buildings for residence hall, student union or food service purposes.

The Minnnesota Correctional Industries Fund facilitates prisoner rehabilitation by providing facilities and assistance for manufacturing and marketing goods to the general public.

The Enterprise Activities Fund includes various minor activities providing services to the general public or local governmental units.

STATE OF MINNESOTA

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

	Housing Finance Agency Loan Funds	
	Housing Development	Programs
ASSETS		
Current Assets:		
Cash	$ 451	$ 567
Investments	121,115	210,786
Accounts Receivable (Net)	—	—
Accrued Income	3,602	17,534
Loans Receivable	—	3,276
Inventories	—	—
Deferred Costs	—	24,684
Other	30	774
Total Current Assets	$125,198	$ 257,621
Restricted Assets:		
Revenue Bond Reserve Accounts	—	$ 169,352
Deposits Held by Debt Service Fund	—	—
Other	—	—
Total Restricted Assets	—	$ 169,352
Noncurrent Assets:		
Loans/Financing Leases Receivable	$ 9,164	$ 905,390
Fixed Assets (Net)	119	—
Total Noncurrent Assets	$ 9,283	$ 905,390
Total Assets	**$134,481**	**$1,332,363**
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	$ 583	$ 208
Accrued Interest Payable	—	837
Notes/Installment Purchases Payable	—	38,411
Payable to Other Funds	4	—
Compensated Absences	—	—
Deferred Revenue	16,930	621
Escrow Funds Held in Trust	49,194	—
Other	—	—
Total Current Liabilities	$66,711	$40,077
Current Liabilities (Payable from Restricted Assets):		
Accounts Payable	—	$ —
Revenue Bonds Payable	—	33,825
Revenue Bonds Interest Payable	—	36,009
General Obligation Bonds Payable	—	—
General Obligation Bonds Interest Payable	—	—
Total Restricted Liabilities	—	$ 69,834
Noncurrent Liabilities:		
General Obligation Bonds Payable	—	$ —
Revenue Bonds Payable	—	1,107,756
Advances from Other Funds	—	—
Total Noncurrent Liabilities	—	$1,107,756
Total Liabilities	**$66,711**	**$1,217,667**
Fund Equity:		
Contributed Capital	—	—
Retained Earnings:		
Reserved:		
Reserved per Debt Requirements	$ —	$ 13,649
Reserved per State Law	56,930	39,283
Total Reserved Retained Earnings	$56,930	52,932
Unreserved Retained Earnings	10,840	61,764
Total Retained Earnings	$ 67,770	$ 114,696
Total Fund Equity	**$ 67,770**	**$ 114,696**
Total Liabilities and Fund Equity	**$134,481**	**$1,332,363**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

State University Board Revenue Bond	Higher Education Coordinating Board Student Loan Fund						
	Guaranteed Student Loan	Medical and Osteopathy Student Loan	Maximum Effort School Loan	Higher Education Facilities Authority Bond	Minnesota Correctional Industries	Enterprise Activities	Combined Totals
$ (423)	$ 1,024	$ 14	$ 56	$ 10	$ 758	$ 545	$ 3,002
9,868	92,473	194	4,121	105	1,511	335	440,508
330	—	—	—	—	1,350	1,200	2,880
569	11,443	23	61	—	34	—	33,266
3	16,750	—	1,253	—	495	—	21,777
—	—	—	—	—	3,273	200	3,473
125	795	12	—	—	15	3	25,634
—	—	—	319	10	—	—	1,133
$10,472	$122,485	$ 243	$ 5,810	$ 125	$7,436	$2,283	$ 531,673
$11,102	$ 83,975	$ 245	$ 24	$12,741	—	$ —	$ 277,439
1,577	—	—	7,893	—	—	—	9,470
206	—	—	—	—	—	266	472
$12,885	$ 83,975	$ 245	$ 7,917	$12,741	—	$ 266	$ 287,381
$ 17	$187,436	$3,025	$44,218	$52,594	$ —	$ —	$1,201,844
51,170	15	—	—	2	1,562	6,531	59,399
$51,187	$187,451	$3,025	$44,218	$52,596	$1,562	$ 6,531	$1,261,243
$74,544	$393,911	$3,513	$57,945	$65,462	$8,998	$ 9,080	$2,080,297
$ —	$ 706	—	$ 1	$ —	$ 240	$ 495	$ 2,233
—	—	—	—	—	—	1,287	2,124
—	—	—	—	—	—	8,413	46,824
18	246	—	—	1	—	29	298
—	—	—	—	—	—	519	519
612	—	—	—	—	6	85	18,254
	—	—	—	—	—	—	49,194
	—	—	—	—	26	—	26
$630	$ 952	—	$ 1	$ 1	$ 272	$10,828	$ 119,472
$ 1,398	$ —	$ —	—	3	—	—	$ 1,401
945	9,000	—	—	2,460	—	—	46,230
359	7,577	52	—	982	—	—	44,979
505	—	—	4,980	—	—	—	5,485
281	—	—	535	—	—	—	816
$ 3,488	$16,577	$ 52	$ 5,515	$ 3,445	—	—	$ 98,911
$15,215	$ —	$ —	$30,680	$ —	$ —	$ —	$ 45,895
31,867	315,733	3,416	—	60,995	—	—	1,519,767
102	—	—	—	—	—	233	335
$47,184	$315,733	$3,416	$30,680	$60,995	—	$ 233	$1,565,997
$51,302	$333,262	$3,468	$36,196	$64,441	$ 272	$11,061	$1,784,380
$ 7,553	—	—	—	—	$5,790	$ 1,201	$ 14,544
$ 9,376	$ 17,596	$ 193	$ 2,402	$ 895	—	$ 266	$ 44,381
—	—	—	—	—	—	—	96,213
$ 9,376	$ 17,596	$ 193	$ 2,402	$ 895	—	$ 266	$ 140,594
6,311	43,051	(148)	19,347	126	2,936	(3,448)	140,779
$15,689	$ 60,649	$ 45	$21,749	$ 1,021	$2,936	$(3,182)	$281,373
$23,242	$ 60,649	$ 45	$21,749	$ 1,021	$8,726	$(1,981)	$ 295,917
$74,544	$393,911	$3,513	$57,945	$65,462	$8,998	$9,080	$2,080,297

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Housing Finance Agency Loan Funds			Higher Education Coordinating Board Student Loan Funds						
	Housing Development	Programs	State University Board Revenue Bond	Guaranteed Student Loan	Medical and Osteopathy Student Loan	Maximum Effort School Loan	Higher Education Facilities Authority Bond	Minnesota Correctional Industries	Enterprise Activities	Combined Totals
Operating Revenues:										
Net Sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$4,159	$ 1,465	$ 5,624
Interest Income on Loans	248	66,504	—	15,138	88	1,680	—	—	—	83,658
Investment Income	11,104	33,689	3,320	18,231	84	1,398	1,523	232	87	69,668
Rental and Service Fees	759	1,987	21,894	—	—	—	3,418	—	3,273	31,331
Total Operating Revenues	**$ 12,111**	**$102,180**	**$25,214**	**$33,369**	**$ 172**	**$ 3,078**	**$4,941**	**$4,391**	**$ 4,825**	**$190,281**
Less Cost of Goods Sold	—	—	—	—	—	—	—	4,093	329	4,422
Gross Margin	**$ 12,111**	**$102,180**	**$25,214**	**$33,369**	**$ 172**	**$ 3,078**	**$4,941**	**$ 298**	**$ 4,496**	**$185,859**
Operating Expenses:										
Salaries and Fringe Benefits	$ 2,364	$ —	$ 6,253	$ 557	$ —	$ 11	$ 112	$ 664	$ 3,463	$ 13,424
Purchased Services	1,422	2,284	11,439	3,108	—	6	44	41	595	18,939
Supplies and Materials	32	—	1,003	7	—	—	—	6	85	1,133
Depreciation and Amortization	21	—	2,599	5	—	—	—	—	420	3,045
Interest and Financing Costs	—	76,416	2,353	23,738	208	1,659	4,562	2	673	109,611
Other	55	276	—	1,005	63	—	3	237	105	1,744
Total Operating Expenses	**$ 3,894**	**$ 78,976**	**$23,647**	**$28,420**	**$ 271**	**$ 1,676**	**$4,721**	**$ 950**	**$ 5,341**	**$147,896**
Operating Income (Loss)	**$ 8,217**	**$ 23,204**	**$ 1,567**	**$ 4,949**	**$ (99)**	**$ 1,402**	**$ 220**	**$ (652)**	**$ (845)**	**$ 37,963**
Nonoperating Revenues (Expenses)										
Federal Grants and Subsidies	$ 42,650	—	$ 119	$15,299	$ —	—	—	$ 87	$ —	$ 58,155
Other Nonoperating Revenues	—	—	—	4,043	9	—	—	3	25	4,080
Grants, Aids and Subsidies	(52,312)	—	91	—	—	—	—	—	—	(52,221)
Total Nonoperating Revenues (Expenses)	**$ (9,662)**	**—**	**$ 210**	**$19,342**	**$ 9**	**—**	**—**	**$ 90**	**$ 25**	**$ 10,014**
Operating Transfers										
Transfers In	$ 20,869	$ 6,080	—	—	—	$ 3,399	—	—	—	$ 30,348
Transfers Out	(6,080)	(1,782)	—	—	—	—	—	—	—	(7,862)
Net Operating Transfers	**$ 14,789**	**$ 4,298**	**—**	**—**	**—**	**$ 3,399**	**—**	**—**	**—**	**$ 22,486**
Net Income (Loss) Before Cumulative Effect of Change in Accounting Method	**$ 13,344**	**$ 27,502**	**$ 1,777**	**$24,291**	**$ (90)**	**$ 4,801**	**$ 220**	**$ (562)**	**$ (820)**	**$ 70,463**
Cumulative Effect of Change in Accounting Method	—	—	(265)	—	—	—	—	—	(26)	(291)
Net Income (Loss) After Cumulative Effect of Change in Accounting Method	**$ 13,344**	**$ 27,502**	**$ 1,512**	**$24,291**	**$ (90)**	**$ 4,801**	**$ 220**	**$ (562)**	**$ (846)**	**$ 70,172**
Depreciation on Fixed Assets Acquired with Contributed Capital	—	—	353	—	—	—	—	—	—	353
Increase (Decrease) in Retained Earnings	**$ 13,344**	**$ 27,502**	**$ 1,865**	**$24,291**	**$ (90)**	**$ 4,801**	**$ 220**	**$ (562)**	**$ (846)**	**$ 70,525**
Retained Earnings, July 1, 1981	**54,426**	**87,194**	**13,824**	**36,358**	**135**	**16,948**	**801**	**3,498**	**(2,336)**	**210,848**
Retained Earnings, June 30, 1982	**$ 67,770**	**$114,696**	**$15,689**	**$60,649**	**$ 45**	**$21,749**	**$1,021**	**$2,936**	**$(3,182)**	**$281,373**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Housing Finance Agency Loan Funds			Higher Education Coordinating Board Student Loan Funds						
Cash Provided	Housing Development	Programs	State University Board Revenue Bond	Guaranteed Student Loan	Medical and Osteopathy Student Loan	Maximum Effort School Loan	Higher Education Facilities Authority Bond	Minnesota Correctional Industries	Enterprise Activities	Combined Totals
Net Income (Loss) from Operations	$ 13,344	$ 27,502	$ 1,512	$ 24,291	$ (90)	$ 4,801	$ 220	$ (562)	$ (846)	$ 70,172
Items to be Added to (Deducted from Net Income:										
Decrease (Increase) in Current Assets:										
Accounts Receivable	$ —	$ —	$ (107)	$ —	$—	$ —	$ —	$ 65	$ (273)	$ (315)
Accrued Interest Receivable	(932)	(3.778)	77	(1,254)	(23)	(120)	—	—	2	(6,028)
Accrued Investment Income	—	—	—	—	—	(2)	—	12	—	10
Notes Receivable	—	—	—	—	—	—	—	6	—	6
Inventory	—	—	—	—	—	—	—	57	(92)	(35)
Other	—	—	(45)	—	—	—	—	(6)	3	(48)
Increase (Decrease) in Current Liabilities:										
Accounts Payable	(176)	(314)	(551)	358	—	1	(18)	67	18	(615)
Interest Payable	—	5,983	(19)	3,166	—	88	(45)	(3)	620	9,790
Accrued Compensated Absences	—	—	—	—	—	—	—	—	72	72
Payable to Other Funds	—	—	—	224	—	—	—	—	(8)	216
Bonds Payable	—	—	55	—	—	—	—	—	—	55
Deferred Revenue	5,988	621	163	—	—	—	—	—	(13)	6,759
Other	(18)	—	14	—	—	—	—	—	—	(4)
Depreciation and Amortization	—	1,842	2,607	726	4	—	93	207	420	5,899
Defaulted Interest Recognized	—	—	—	—	—	(941)	—	—	—	(941)
Loss on Disposal of Fixed Assets	—	—	49	—	—	—	—	—	(4)	45
Change in Other Assets/Liabilities	—	577	—	—	63	—	—	—	—	640
Total Items to be Added (Deducted)	$ 4,862	$ 4,931	$ 2,243	$ 3,220	$ 44	$ (974)	$ 30	$ 405	$ 745	$ 15,506
Total Cash Provided from Operations	$ 18,206	$ 32,433	$ 3,755	$ 27,511	$ (46)	$ 3,827	$ 250	$ (157)	$ (101)	$ 85,678
Other Cash Provided:										
Proceeds from Sale of Bonds/Notes	$ —	$151,708	$ —	$124,731	$—	$ 7,800	$ —	$ —	$ —	$284,239
Reduction of Loans/Financing Leases Receivable	1,369	39,842	—	46,723	28	1,019	2,016	—	—	90,997
Increase in Escrow Accounts	16,865	—	—	—	—	—	—	—	—	16,865
Advances from Other Funds	—	—	—	—	—	—	—	—	83	83
Capital Contributions	—	—	—	—	—	—	—	1,493	6	1,499
Proceeds from Sale of Fixed Assets	—	—	—	—	—	—	—	—	10	10
Other	—	—	2	—	—	982	—	—	—	984
Total Other Cash Provided	$ 18,234	$191,550	$ 2	$171,454	$ 28	$ 9,801	$ 2,016	$1,493	$ 99	$394,677
Total Cash Provided	**$ 36,440**	**$223,983**	**$ 3,757**	**$198,965**	**$ (18)**	**$13,628**	**$ 2,266**	**$1,336**	**$ (2)**	**$480,355**
Cash Applied:										
Loans Issued	$ 1,670	$ 59,936	$ —	$ 86,717	$ 282	$ 6,485	$ 491	$—	—	$155,581
Investments in Fixed Assets	—	—	2,091	—	—	—	—	176	64	2,331
Deferred Costs	—	3,747	—	462	—	—	—	—	—	4,209
Reduction of Advances from Other Funds	—	—	825	—	—	—	—	—	53	878
Reduction of Indebtedness	—	28,771	1,450	42,794	—	4,590	2,240	—	—	79,845
Other	—	—	—	1,877	—	—	2	—	10	1,889
Total Cash Applied	**$ 1,670**	**$ 92,454**	**$ 4,366**	**$131,850**	**$ 282**	**$11,075**	**$ 2,733**	**$ 176**	**$ 127**	**$244,733**
Net Increase (Decrease) in Cash and Investments	**$ 34,770**	**$131,529**	**$ (609)**	**$ 67,115**	**$(300)**	**$ 2,553**	**$ (467)**	**$1,160**	**$ (129)**	**$235,622**
Cash and Investments, July 1, 1981	**86,796**	**249,176**	**22,939**	**110,357**	**753**	**9,541**	**13,323**	**1,109**	**1,275**	**495,269**
Cash and Investments, June 30, 1982	**$121,566**	**$380,705**	**$22,330**	**$177,472**	**$ 453**	**$12,094**	**$12,856**	**$2,269**	**$1,146**	**$730,891**

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ENTERPRISE FUNDS NARRATIVE EXPLANATIONS

1. Fixed Assets and Improvements are recorded at historical cost less accumulated depreciation, as scheduled below. Assets are depreciated using the straight-line method over their expected useful life.

Accumulated Depreciation and Amortization
June 30, 1982

State University Board Revenue Bond Fund	$38,782,538
Minnesota Correctional Industries Fund	1,542,338
Enterprise Activities Fund	1,315,505
Other Enterprise Funds	131,164
	$41,771,545

2. The contributed capital of the State University Board Revenue Bond Fund consists of buildings and funds externally restricted for construction of buildings. Contributed capital is being amortized and retained earnings adjusted in accordance with NCGA Statement 2. Accumulated amortization as of June 30, 1982 was $6,545,445.

3. In prior years, various small, relatively immaterial, funds were reported separately within the enterprise funds. The funds listed below have been combined and are reported as the "Enterprise Activities Fund."

	Retained Earnings, as reported, June 30, 1981
State Auditor's Revolving Fund	(93,318)
Zoo Monorail Fund	(2,292,230)
Publications Fund	(44,745)
Federal Surplus Property Fund	150,519
Commuter Van Fund	(17,077)
Resource Recovery Revolving Fund	(39,511)
Total, Enterprise Activities Fund	(2,336,362)

INTERNAL SERVICE FUNDS

The **Computer Services Fund** accounts for the operation of statewide computer systems.

The **Central Motor Pool Fund** accounts for the operation of a fleet of passenger cars and a state vehicle maintenance garage.

The **State Printer Fund** accounts for the operation of a print shop.

The **Central Stores Fund** accounts for the operation of centralized supplies purchasing, storage and distribution.

The **Telecommunications Fund** accounts for the operation of a centralized telephone system in the capitol complex area.

The **Central Services Fund** accounts for miscellaneous centralized support services provided to state agencies.

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

	Computer Services	Central Stores	State Printer	Central Motor Pool	Telecommunications	Central Services	Combined Totals
ASSETS							
Current Assets:							
Cash	$ 3,471	$232	$123	$ 486	$ 24	$354	$ 4,690
Accounts Receivable	1,533	84	157	283	336	243	2,636
Inventories	—	316	107	40	—	45	508
Prepaid Expenses	—	—	—	17	—	—	17
Total Current Assets	$ 5,004	$632	$387	$ 826	$360	$642	$ 7,851
Noncurrent Assets:							
Notes Receivable	—	—	2	—	—	—	$ 2
Fixed Assets:							
Equipment (net)	$ 2,743	$ 20	$513	$2,817	$317	$229	$ 6,639
Capital Leases (net)	2,674	—	3	—	—	—	2,677
Building and Land Improvements	—	72	4	38	—	—	114
Total Fixed Assets	$ 5,417	$ 92	$520	$2,855	$317	$229	$ 9,430
Total Assets	**$10,421**	**$724**	**$909**	**$3,681**	**$677**	**$871**	**$17,283**
LIABILITIES AND FUND EQUITY							
Liabilities:							
Current Liabilities:							
Accounts Payable	$ 2,575	$107	$239	$1,492	$ 59	$222	$ 4,694
Payable to Other Funds	18	—	23	1	—	33	75
Compensated Absences	436	18	41	16	3	81	595
Deferred Revenue	73	—	—	—	—	—	73
Total Current Liabilities	$ 3,102	$125	$303	$1,509	$ 62	$336	$ 5,437
Noncurrent Liabilities:							
Advances from Other Funds	$ 995	$ 2	$305	$1,643	$133	$ 58	$ 3,136
Deferred Revenue	286	—	—	—	—	—	286
Capital Leases/Installment Purchases Payable	2,352	—	2	—	—	—	2,354
Total Noncurrent Liabilities	$ 3,633	$ 2	$307	$1,643	$133	$ 58	$ 5,776
Total Liabilities	**$ 6,735**	**$127**	**$610**	**$3,152**	**$195**	**$394**	**$11,213**
Fund Equity:							
Contribution from the General Fund	$ 2,156	$691	$640	$ 252	$342	$510	$ 4,591
Retained Earnings	1,530	(94)	(341)	277	140	(33)	1,479
Total Fund Equity	**$ 3,686**	**$597**	**$299**	**$ 529**	**482**	**$477**	**$ 6,070**
Total Liabilities and Fund Equity	**$10,421**	**$724**	**$909**	**$3,681**	**$677**	**$871**	**$17,283**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEAR ENDED JUNE 30, 1982

(000's Omitted)

	Computer Services	Central Stores	State Printer	Central Motor Pool	Telecommunications	Central Services	Combined Totals
Operating Revenues:							
Net Sales	$ —	$2,059	$1,872	$ —	$ —	$1,118	$ 5,049
Rental and Service Fees	14,289	56	194	2,667	3,127	1,579	21,912
Total Operating Revenues	**$14,289**	**$2,115**	**$2,066**	**$2,667**	**$3,127**	**$2,697**	**$26,961**
Less Cost of Goods Sold	—	1,709	1,660	—	—	159	3,528
Gross Margin	**$14,289**	**$ 406**	**$ 406**	**$2,667**	**$3,127**	**$2,538**	**$ 23,433**
Operating Expenses:							
Salaries and Benefits	$ 6,232	$ 243	$ 227	$ 344	$ 34	$1,570	$ 8,650
Purchased Services	5,852	145	46	127	2,926	651	9,747
Materials and Supplies	89	4	3	1,034	5	50	1,185
Depreciation and Amortization	1,324	8	22	888	37	62	2,341
Interest	316	—	5	—	—	—	321
Indirect Costs	253	135	132	174	42	112	848
Other	20	—	—	—	—	31	51
Total Operating Expenses	**$14,086**	**$ 535**	**$ 435**	**$2,567**	**$3,044**	**$2,476**	**$23,143**
Operating Income (Loss)	**$ 203**	**$ (129)**	**$ (29)**	**$ 100**	**$ 83**	**$ 62**	**$ 290**
Nonoperating Revenues (Expenses):							
Gain on Sale of Fixed Assets	$ 4	$ (1)	$ —	$ 61	$ —	$ —	$ 64
Loss on Equipment Trade-in	—	—	(19)	—	—	—	(19)
Other	—	1	—	—	—	1	2
Total Nonoperating Revenues (Expenses)	**$ 4**	**$ —**	**$ (19)**	**$ 61**	**$ —**	**$ 1**	**$ 47**
Net Income Before Cumulative Effect of Change in Accounting Method	**$ 207**	**$ (129)**	**$ (48)**	**$ 161**	**$ 83**	**$ 63**	**$ 337**
Cumulative Effect of Change in Accounting Method	(338)	(15)	(29)	(15)	(2)	(71)	(470)
Net Income After Cumulative Effect of Change in Accounting Method	**$ (131)**	**$ (144)**	**$ (77)**	**$ 146**	**$ 81**	**$ (8)**	**$ (133)**
Retained Earnings, July 1, 1981	**$ 1,661**	**$ 50**	**$ (264)**	**$ 131**	**$ 59**	**$ (25)**	**$ 1,612**
Retained Earnings, June 30, 1982	**$ 1,530**	**$ (94)**	**$ (341)**	**$ 277**	**$ 140**	**$ (33)**	**$ 1,479**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Computer Services	Central Stores	State Printer	Central Motor Pool	Telecommunications	Central Services	Combined Totals
Cash Provided:							
From Operations:							
Net Income (Loss)	$ (131)	$(144)	$ (77)	$ 146	$ 81	$ (8)	$ (133)
Items to be Added to (Deducted from) Net Income:							
Decrease (Increase) in Current Assets:							
Accounts Receivable	$ (26)	$ (8)	$ (63)	$ (21)	$ 32	$ (38)	$ (124)
Due from Other Funds	—	13	—	—	—	—	13
Inventory	—	83	6	5	—	2	96
Other	—	—	—	(1)	—	—	(1)
Increase (Decrease) in Current Liabilities:							
Accounts Payable	1,514	(14)	97	1,347	1	42	2,987
Accrued Compensated Absences	435	18	41	16	4	81	595
Payable to Other Funds	(273)	(1)	(133)	(956)	(31)	(24)	(1,418)
Deferred Revenue	73	—	—	—	—	—	73
Depreciation and Amortization	1,324	8	124	888	37	62	2,443
Loss (Gain) on Sales of Fixed Assets	(3)	1	18	(61)	—	—	(45)
Total Items to be Added (Deducted)	$3,044	$ 100	$ 90	$1,217	$ 43	$125	$ 4,619
Total Cash Provided from Operations	$2,913	$ (44)	$ 13	$1,363	$124	$117	$ 4,486
Other Cash Provided:							
Increases in Leases/Installment Purchases Payable	$3,022	$—	$—	$—	$—	$—	$ 3,022
Advances from Other Funds	788	—	141	1,254	100	46	2,329
Proceeds from Sale of Fixed Assets	4	—	5	281	—	25	315
Increase in Long-Term Deferred Revenue	285	—	—	—	—	—	285
Other Sources	—	—	—	3	—	—	3
Total Other Cash Provided	$4,099	$—	$ 146	$1,538	$ 100	$ 71	$ 5,954
Total Cash Provided	**$7,012**	**$ (44)**	**$ 159**	**$2,901**	**$ 224**	**$ 188**	**$10,440**
Cash Applied							
Investment in Fixed Assets	$1,381	$—	$ 107	$1,328	$ 238	$ 75	$ 3,129
Reduction of Indebtedness	2,194	1	138	1,393	43	14	3,783
Investment in Capital Leases	2,859	—	—	—	—	—	2,859
Other	—	—	2	—	—	—	2
Total Cash Applied	**$6,434**	**$ 1**	**$ 247**	**$2,721**	**$ 281**	**$ 89**	**$ 9,773**
Net Increase (Decrease) in Cash and Investments	**$ 578**	**$ (45)**	**$ (88)**	**$ 180**	**$ (57)**	**$ 99**	**$ 667**
Cash and Investments, July 1, 1981	**2,893**	**277**	**211**	**306**	**81**	**255**	**4,023**
Cash and Investments, June 30, 1982	**$3,471**	**$ 232**	**$ 123**	**$ 486**	**$ 24**	**$ 354**	**$ 4,690**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

INTERNAL SERVICE FUNDS NARRATIVE EXPLANATION

Changes in Reporting Entity:

In prior years, various small, relatively immaterial, funds were reported separately within the internal service funds. The funds listed below have been combined and are reported as the "Central Services Fund".

	Retained Earnings, as reported June 30, 1981
Micrographics Fund	$ 100,806
Central Delivery Service Fund	4,676
Central Maintenance Fund	(20,426)
Office Equipment Rental and Repair Fund	(115,872)
Bemidji Service Center Fund	
Administrative Hearings Revolving Fund	5,838
Total, Central Services Fund	$ (24,978)

FIDUCIARY FUNDS

Pension Trust Funds

Defined Benefit Funds:

The **Teachers Retirement Fund** includes resources accumulated to pay present and future retirement annuities for members of both the basic and coordinated teachers retirement plans.

The **State Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities for the following plans:

General Employees Plan
Military Affairs Plan
Correctional Officers Plan

The **Highway Patrolmen's Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible state troopers, conservation officers and crime bureau personnel.

The **Judges' Retirement Fund** includes resources accumulated to pay present retirement annuities to eligible district, municipal, county and probate court judges and supreme court justices.

The **Public Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

The **Police and Fire Fund** includes resources accumulated to pay present and future retirment annuities to eligible police officers and fire fighters.

Defined Contribution Funds:

The **Unclassified Employees Retirement Fund** includes the aggregate of unclassified employee share accounts which are either refunded or used to purchase a retirement annuity upon termination of service.

The **Deferred Compensation Fund** includes the aggregate of voluntary employee payroll deductions which defer income and may be repaid in accordance with income tax code restrictions.

The **College Supplemental Retirement Fund** includes the aggregate of share accounts derived from voluntary contributions received from eligible state university and community college employees, with matching state contributions.

Investment Trust Funds:

The **Income Shares Fund** invests participant contributions. The investments are limited to a combination of debt and equity instruments which maximize the rate of return.

The **Growth Shares Fund** invests participant contributions. The investments are limited to corporate stocks only with no more than 6% of the book value to be invested in a single corporation.

The **Fixed Return Fund** invests participant contributions. The investments are limited to debt obligations.

The **Bond Fund** invests participant contributions. The investments are limited to debt obligations.

The **Post-Retirement Investment Fund** serves as the primary investment vehicle for the Defined Benefit Pension Plans and as such is investing reserves to provide investment income for the payment of retirement benefits.

The **Variable Annuity Fund** is restricted to participation by members of the Teachers Retirement Association. Investments are limited in the same manner as those of the Growth Share Account.

Nonexpendable Trust Funds

The **Permanent School Fund** is a constitutionally established trust fund which receives revenue from investments and the sale of state land and timber. The investment earnings are transferred to the Endowment School Fund for distribution to school districts.

Expendable Trust Funds

The **Municipal State Aid Street Fund** receives nine percent of the revenue received by the Highway Users Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

The **County State Aid Highway Fund** receives twenty-nine percent of the revenue received by the Highway Users Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

The **Endowment School Fund** receives revenue from the investments of the Permanent School Fund and distributes it to school districts.

The **Northeast Minnesota Economic Protection Fund** receives distributions from taconite production taxes to be held in trust until the year 2002 for rehabilitation and diversification of industry in an area largely dependent on the taconite mining industry.

The **Rural Rehabilitation Trust Fund** is a trust fund established from the proceeds of a federal grant for making loans to rural enterprises from the trust corpus.

Agency Funds

The **Disbursement Clearing Fund** is a clearing fund used to account for state warrants issued and redeemed.

The **Taxes Clearing Fund** is used to distribute tax receipts as specified by statute.

The **Social Welfare Fund** is the total of all patient and inmate accounts for persons in state institutions.

The **Federal County Road and Bridge Fund** is a clearing fund for federal grants received for construction, improvement and maintenance of roads and bridges within the state.

The **Student Activity Fund** is the combined total of the local accounts for athletics, financial aids, and other activities maintained at each of the state university campuses.

The **All College Fund** is the combined total of the local accounts for student organizations, financial aids and other activities at each of the state's community college campuses.

The **Miscellaneous Agency Fund** includes the amounts held in trust by the state for various other governmental units, individuals, or funds.

STATE OF MINNESOTA

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

	Pension Trust			Nonexpendable Trust			
	Defined Benefit	Defined Contribution	Investment Trust	Permanent School	Expendable Trust	Agency	Combined Totals
ASSETS							
Cash	$ 1,594	$ 247	$ 15	$ (112)	$ (5,540)	$194,133	$ 190,337
Investments	2,507,227	299	1,393,238	306,665	235,791	11,035	4,454,255
Accounts Receivable	31,658	106	2,734	1,421	218	10,440	46,577
Due from Other Funds	4,819	206	14,656	148	15,756	9,147	44,732
Accrued Income	38,349	—	31,228	3,939	9,785	305	83,606
Federal Aid Receivable	—	—	—	—	—	5,864	5,864
Deferred Costs	16,715	—	—	15,698	—	197	32,610
Loans/Notes Receivable	—	—	—	—	1,444	26,412	27,856
Equity in Investment Funds	1,413,483	99,355	—	—	—	—	1,512,838
Fixed Assets (Net)	608	—	—	—	—	—	608
Real Property	—	—	—	15,454	—	—	15,454
Other Assets	26	—	—	—	—	2,583	2,609
Total Assets	**$4,014,479**	**$100,213**	**$1,441,871**	**$343,213**	**$257,454**	**$260,116**	**$6,417,346**
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	$ —	$ —	$ —	—	$ —	$170,226	$170,226
Accounts Payable	165	3	5,916	2	1,890	891	8,867
Contract Retainage Payable	—	—	—	—	—	1,301	1,301
Payable to Other Funds	15,129	6	4,481	11,728	506	4,071	35,921
Payable to Other Governmental Units	—	—	—	—	—	32,502	32,502
Accrued Compensated Absences	372	—	—	—	—	—	372
Deferred Revenue	74	—	—	—	—	23	97
Loans/Notes Payable	—	—	—	—	—	51	51
Other Liabilities	34	—	—	—	—	286	320
Funds Held in Trust	3,998,705	100,204	1,431,474	—	—	50,765	5,581,148
Total Liabilities	**$4,014,479**	**$100,213**	**$1,441,871**	**$ 11,730**	**$ 2,396**	**$260,116**	**$5,830,805**
Fund Balances							
Reserved:							
for Encumbrances	—	—	—	$ —	$ 1,783	—	$ 1,783
for Long-Term Loans Receivable	—	—	—	—	1,415	—	1,415
for Local Governments	—	—	—	—	196,145	—	196,145
for Endowment Principal	—	—	—	331,483	—	—	331,483
Total Reserved Fund Balances	—	—	—	**$331,483**	**$199,343**	—	**$ 530,826**
Unreserved:							
Designated for Carryover	—	—	—	—	$ 47,072	—	$ 47,072
Designated for Investments	—	—	—	—	4,000	—	4,000
Designated for Fund Purposes	—	—	—	—	4,643	—	4,643
Total Unreserved Fund Balances	—	—	—	—	**$ 55,715**	—	**$ 55,715**
Total Fund Balances	—	—	—	**$331,483**	**$255,058**	—	**$ 586,541**
Total Liabilities and Fund Balances	**$4,014,479**	**$100,213**	**$1,441,871**	**$343,213**	**$257,454**	**$260,116**	**$6,417,346**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

	Teachers Retirement Association	Minnesota State Retirement System			Public Employees Retirement Association		
	Teachers Retirement	**State Employees Retirement**	**Highway Patrolmens Retirement**	**Judges Retirement**	**Public Employees Retirement**	**Police and Fire**	**Combined Totals**
ASSETS							
Cash	$ 506	$ 31	$ 5	$ 2	$ 906	$ 144	$ 1,594
Investments	989,756	488,181	41,959	3,104	825,376	158,851	2,507,227
Accounts Receivable	27,222	3,427	214	3	180	612	31,658
Due from Other Funds	3,876	600	—	67	222	54	4,819
Accrued Investment Income	14,802	7,361	679	50	12,727	2,730	38,349
Equity in Investment Funds	644,589	281,991	24,789	5,535	413,641	42,938	1,413,483
Fixed Assets	16	18	—	—	574	—	608
Unamortized Bond Losses	5,726	3,714	143	80	6,460	592	16,715
Other Assets	—	—	—	—	26	—	26
Total Assets	**$1,686,493**	**$785,323**	**$67,789**	**$8,841**	**$1,260,112**	**$205,921**	**$4,014,479**
LIABILITIES AND FUNDS HELD IN TRUST							
Liabilities:							
Accounts Payable	$ 68	$ 72	$ —	$ —	$ 25	$ —	$ 165
Payable to Other Funds	—	12,620	781	27	1,522	179	15,129
Accrued Compensated Absences	59	54	—	—	259	—	372
Deferred Revenue	—	—	—	74	—	—	74
Other Liabilities	—	—	—	—	34	—	34
Total Liabilities	**$ 127**	**$ 12,746**	**$ 781**	**$ 101**	**$ 1,840**	**$ 179**	**$ 15,774**
Funds Held in Trust	**$1,710,751**	**$783,650**	**$68,183**	**$8,740**	**$1,278,217**	**$209,212**	**$4,058,753**
Unrealized Loss on Marketable Equity Securities	(24,385)	(11,073)	(1,175)	—	(19,945)	(3,470)	(60,048)
Net Funds Held in Trust	**$1,686,366**	**$772,577**	**$67,008**	**$8,740**	**$1,258,272**	**$205,742**	**$3,998,705**
Total Liabilities and Funds Held in Trust	**$1,686,493**	**$785,323**	**$67,789**	**$8,841**	**$1,260,112**	**$205,921**	**$4,014,479**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUNDS HELD IN TRUST
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Teachers Retirement Association	Minnesota State Retirement System			Public Employees Retirement Association		
	Teachers Retirement	State Employees Retirement	Highway Patrolmens Retirement	Judges Retirement	Public Employees Retirement	Police and Fire	Combined Totals
Operating Revenues							
Employer Contributions	$ 91,080	$ 45,335	$ 4,009	$ 437	$ 70,913	$ 11,946	$ 223,720
Employee Contributions	54,739	28,387	1,341	469	52,277	7,974	145,187
Investment Income	93,313	45,013	4,034	333	77,368	14,982	235,043
Distributed Investment Fund Income	64,631	26,959	2,226	525	40,215	4,057	138,613
Other Income	1,021	133	—	88	564	701	2,507
Total Operating Revenues	**$ 304,784**	**$145,827**	**$11,610**	**$1,852**	**$ 241,337**	**$ 39,660**	**$ 745,070**
Operating Expenses							
Annuity Payments	$ 48,387	$ 28,783	$ 2,082	$1,573	$ 52,744	$ 4,500	$ 138,069
Refunded Contributions	8,496	8,795	86	23	11,869	728	29,997
Administrative Expenses	1,319	955	41	26	2,357	130	4,828
Other Expenses	—	450	—	4	1	26	481
Total Operating Expenses	**$ 58,202**	**$ 38,983**	**2,209**	**$1,626**	**$ 66,971**	**$ 5,384**	**$ 173,375**
Operating Income	**$ 246,562**	**$106,844**	**$ 9,401**	**$ 226**	**$ 174,366**	**$ 34,276**	**$ 571,695**
Operating Transfers							
Transfers In	$ 1,677	$ 1,690	$ 62	$ —	$ 2,166	$ 92	$ 5,687
Transfers (Out)	—	(65)	—	—	(18)	(44)	(127)
Net Operating Transfers	**$ 1,677**	**$ 1,625**	**$ 62**	**—**	**$ 2,148**	**$ 48**	**$ 5,560**
Net Income Before Cumulative Effect of Change in Accounting Method	**$ 248,259**	**$108,469**	**$ 9,463**	**$ 226**	**$ 176,514**	**$ 34,324**	**$ 577,255**
Cumulative Effect of Change in Accounting Method	(46)	(46)	—	—	(145)	(8)	(245)
Net Income After Cumulative Effect Effect of Change in Accounting Method	**$ 248,213**	**$108,423**	**$ 9,463**	**$ 226**	**$ 176,369**	**$ 34,316**	**$ 577,010**
Adjustment for Unrealized Loss on Equity Securities	(24,385)	(11,073)	(1,175)	—	(19,945)	(3,470)	(60,048)
Net Increase in Funds Held in Trust	**$ 223,828**	**$ 97,350**	**$ 8,288**	**$ 226**	**$ 156,424**	**$ 30,846**	**$ 516,962**
Funds Held in Trust, July 1, 1981	**1,462,538**	**675,227**	**58,720**	**8,514**	**1,101,848**	**174,896**	**3,481,743**
Funds Held in Trust, June 30, 1982	**$1,686,366**	**$772,577**	**$67,008**	**$8,740**	**$1,258,272**	**$205,742**	**$3,998,705**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Teachers Retirement Association	Minnesota State Retirement System			Public Employees Retirement Association		
	Teachers Retirement	State Employees Retirement	Highway Patrolmens Retirement	Judges Retirement	Public Employees Retirement	Police and Fire	Combined Totals
Cash Provided:							
From Operations:							
Net Income	$ 248,213	$108,423	$ 9,463	$ 226	$ 176,369	$ 34,316	$ 577,010
Items to be added to (Deducted from) Net Income:							
Decrease (Increase) in Current Assets:							
Accounts Receivable	$ (1,038)	$ (680)	$ 47	$ (1)	$ (109)	$ 11	(1,770)
Due from Other Funds	(243)	(18)	178	(66)	(67)	(10)	(226)
Accrued Investment Income	1,406	534	(58)	8	(772)	(529)	589
Other Assets	—	—	—	—	335	71	406
Increase (Decrease) in Current Liabilities:							
Accounts Payable	(844)	(408)	(81)	(78)	(794)	(125)	(2,330)
Payable to Other Funds	—	12,266	729	(198)	(248)	71	12,620
Deferred Revenue	—	—	—	75	—	—	75
Other Liabilities	—	—	—	—	34	—	34
Depreciation	—	5	—	—	—	—	5
Cumulative Effect of Compensated Absences	59	54	—	—	259	—	372
Unrealized Loss on Marketable Equity Securities	(24,385)	(11,073)	(1,175)	—	(19,945)	(3,470)	(60,048)
Total Items to be Added (Deducted)	$ (25,045)	$ 680	$ (360)	$ (260)	$ (21,307)	$ (3,981)	$ (50,273)
Total Cash Provided From Operations	**$ 223,168**	**$109,103**	**$ 9,103**	**$ (34)**	**$ 155,062**	**$ 30,335**	**$ 526,737**
Cash Applied:							
Investment in Fixed Assets	$ 2	$ 2	—	—	$ 83	—	$ 87
Total Cash Applied	**$ 2**	**$ 2**	**—**	**—**	**$ 83**	**—**	**$ 87**
Net Increase (Decrease) in Cash and Investments	**$ 223,166**	**$109,101**	**$ 9,103**	**$ (34)**	**$ 154,979**	**$ 30,335**	**$ 526,650**
Cash and Investments, July 1, 1981	**1,417,411**	**664,816**	**57,793**	**8,755**	**1,091,404**	**172,190**	**3,412,369**
Cash and Investments, June 30, 1982	**$1,640,577**	**$773,917**	**$66,896**	**$8,721**	**$1,246,383**	**$202,525**	**$3,939,019**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

DEFINED BENEFIT PENSION FUNDS NARRATIVE EXPLANATIONS

1. The following table summarizes the status of the Defined Benefit Pension Funds for which the state assumes custodial responsibility.

	Teachers Retirement		MN State Retirement System			Public Employees Retirement Association		
	Association-Teachers Retirement Fund		State Employees Retirement Fund	Highway Patrolmen's Retirement Fund	Judges Retirement Fund	Public Employees Retirement Fund		Police and Fire Fund
Statutory Reference	**Chapter 354**		**Chapter 352**	**Chapter 352B**	**Chapter 490**	**Chapter 353**		**Chapter 353**
Statutory Contributions:	Basic(a)	Coord.				Basic(a)	Coord.	
State(b)	11.55%	7.55%	6%(c)	21%	(d)			
Cities, Counties, and Other Subdivisions (b)						10.5%	5.5%	12%
Employee	6.5%	4.5%	4%(c)	7%	7%	8%	4%	8%
Unfunded Accrued Liability (Millions): (e) (f)								
June 30, 1978	$ 792.4		$186.8	$22.4	$15.5	$320.7		$21.1
June 30, 1979	1,015.9		184.6	26.9	22.3	324.9		18.9
June 30, 1980	1,129.0		198.1	36.2	23.7	343.1		18.4
June 30, 1981	1,228.4		186.4	41.8	24.1	333.8		13.0
June 30, 1982	1,397.3		255.3	43.3	26.5	368.8		13.3
Funding Ratios:								
June 30, 1978	54.3%		68.6%	62.5%	24.2%	68.7%		82.3%
June 30, 1979	51.2%		72.7%	62.0%	23.6%	71.4%		86.4%
June 30, 1980	52.2%		74.2%	57.8%	24.4%	73.2%		88.6%
June 30, 1981	54.4%		78.3%	58.3%	26.1%	76.7%		93.1%
June 30, 1982	55.0%		75.4%	61.2%	24.8%	77.6%		94.0%

a. Coordinated members are covered by Social Security, and basic members are not. All new members must participate in the coordinated plans.

b. These rates include supplemental employer contributions made for the purpose of amortizing the unfunded liabilities.

c. These rates were reduced to 5.2% for the state contribution and 3.46% for the employee as of December 31, 1981.

d. This fund is terminally funded; at the time of retirement, the state contributes a sum sufficient to fully fund the benefits granted.

e. Minnesota Statutes, Section 356.215, Subdivision 4 provides that actuarial valuations of plan benefits shall be computed in accordance with the entry age normal cost (level normal cost) method. In the calculation of normal cost and accrued liabilities of the benefit plan, the actuary uses a 5 percent interest rate assumption and assumes an annual growth rate of 3½ percent in members' salaries.

f. The unfunded accrued liabilities are the amounts by which reserves required to fund plan benefits exceed the assets of the funds. In addition to the level normal costs, the actuarial calculations include the amount of additional annual contribution which would be required to retire the current unfunded liability by June 30, 2009.

2. a. Market values of investments held as of June 30, 1982 were as follows:

Teachers Retirement Fund	$873,406,296
State Employees Retirement Fund	432,181,110
Highway Patrolmen's Retirement Fund	36,679,163
Judges' Retirement Fund	2,482,612
Public Employees Retirement Fund	723,667,132
Police and Fire Fund	140,551,338

b. Some securities are loaned out to generate additional investment income. Amounts on loan as of June 30, 1982 were as follows:

Teachers Retirement Fund	$22,000,000
State Employees Fund	14,030,000
Highway Patrolmen's Retirement Fund	500,000
Public Employees Retirement Fund	20,600,000
Police and Fire Fund	1,800,000

3. In accordance with Minnesota Statutes, Section 356.20, Subdivision 5, gains or losses on the sale of debt securities are recorded in the deferred yield adjustment account. The balance of the account (Unamortized Bond Losses) is amortized against investment income over the average remaining life of the bonds sold.

STATE OF MINNESOTA

DEFINED CONTRIBUTION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

	Minnesota State Retirement System		Teachers Retirement Association —	
	Unclassified Employees Retirement	Deferred Compensation	College Supplemental Retirement	Combined Totals
ASSETS				
Cash	$ 4	$ 3	$ 240	$ 247
Investments	—	299	—	299
Accounts Receivable	105	—	1	106
Due from Other Funds	204	2	—	206
Equity in Investment Funds	15,658	45,258	38,439	99,355
Total Assets	**$15,971**	**$45,562**	**$38,680**	**$100,213**
LIABILITIES AND FUNDS HELD IN TRUST				
Liabilities:				
Accounts Payable	$ —	$ 2	$ 1	$ 3
Payable to Other Funds	6	—	—	6
Total Liabilities	**$ 6**	**$ 2**	**$ 1**	**$ 9**
Funds Held in Trust	**$15,965**	**$45,560**	**$38,679**	**$100,204**
Total Liabilities and Funds Held in Trust	**$15,971**	**$45,562**	**$38,680**	**$100,213**

The notes to the combined statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

DEFINED CONTRIBUTION PENSION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUNDS HELD IN TRUST
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Minnesota State Retirement System		Teachers Retirement Association —	
	Unclassified Employees Retirement	**Deferred Compensation**	**College Supplemental Retirement**	**Combined Totals**
Operating Revenues:				
Investment Income	$ 314	$ 2,900	$ —	$ 3,214
Realized/Unrealized Gain (Loss) on Investment in Investment Trust Funds	202	62	208	472
Other Income	54	177	231	462
Total Operating Revenues	**$ 570**	**$ 3,139**	**$ 439**	**$ 4,148**
Operating Expenses:				
Administrative Expenses	$ 53	$ 255	$ 26	$ 334
Operating Income	**$ 517**	**$ 2,884**	**$ 413**	**$ 3,814**
Nonoperating Revenues (Expenses):				
Shares Purchased:				
Employer Contributions	$ 1,556	$ —	$ 1,287	$ 2,843
Employee Contributions	1,048	8,503	1,287	10,838
Transfers from State Employees Retirement Fund	65	—	—	65
Shares Withdrawn:				
Refunds	(1,160)	(1,965)	(987)	(4,112)
Transfers to State Employees Retirement Fund	(132)	—	—	(132)
Total Nonoperating Revenues (Expenses)	**$ 1,377**	**$ 6,538**	**$ 1,587**	**$ 9,502**
Net Income	**$ 1,894**	**$ 9,422**	**$ 2,000**	**$ 13,316**
Funds Held in Trust, July 1, 1981	**14,071**	**36,138**	**36,679**	**86,888**
Funds Held in Trust, June 30, 1982	**$15,965**	**$45,560**	**$38,679**	**$100,204**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

DEFINED CONTRIBUTION PENSION FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Minnesota State Retirement System		Teachers Retirement Association —	
	Unclassified Employees Retirement	Deferred Compensation	College Supplemental Retirement	Combined Totals
Cash Provided:				
From Operations:				
Net Income	$ 1,894	$ 9,422	$ 2,000	$13,316
Items to be Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable	$ (45)	$ —	$ 8	$ (37)
Due from Other Funds	82	(2)	—	80
Increase (Decrease) in Current Liabilities:				
Accounts Payable	(8)	2	(24)	(30)
Payable to Other Funds	8	—	—	8
Total Items to be Added (Deducted)	$ 37	$ —	$ (16)	$ 21
Total Cash Provided from Operations	$ 1,931	$ 9,422	$ 1,984	$13,337
Net Increase in Cash and Investments	$ 1,931	$ 9,422	$ 1,984	$13,337
Cash and Investments, July 1, 1981	13,731	36,138	36,695	86,564
Cash and Investments, June 30, 1982	$15,662	$45,560	$38,679	$99,901

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

DEFINED CONTRIBUTION FUNDS NARRATIVE EXPLANATION

1. "Equity in Investment Funds" is the combined net asset value (participation) in the appropriate Minnesota Supplemental Investment Fund accounts. The cost of such participation could not be determined for the Deferred Compensation Fund; but for the remaining funds, this cost as of June 30, 1982 was as follows:

Unclassified Retirement Fund	$10,037,229
College Supplemental Retirement Fund	26,305,208

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

	Minnesota Supplemental Investment Funds						
	Income Shares	**Growth Shares**	**Fixed Return**	**Bond**	**Mn. Post Retirement Investment**	**Mn. Variable Annuity**	**Combined Totals**
ASSETS							
Cash	$ 1	$ 1	$ —	$ 5	$ 7	$ 1	$ 15
Investments	78,767	39,353	32,427	975	1,166,732	74,984	1,393,238
Accounts Receivable	—	—	—	—	2,734	—	2,734
Due from Other Funds	—	—	—	—	14,656	—	14,656
Accrued Investment Income	1,400	225	848	37	27,957	761	31,228
Total Assets	**$80,168**	**$39,579**	**$33,275**	**$1,017**	**$1,212,086**	**$75,746**	**$1,441,871**
LIABILITIES AND FUNDS HELD IN TRUST							
Liabilities:							
Accounts payable	—	—	—	—	$ 5,916	$ —	$ 5,916
Payable to Other Funds	—	—	—	—	4,137	344	4,481
Total Liabilities	—	—	—	—	**$ 10,053**	**$ 344**	**$ 10,397**
Funds Held in Trust	$80,168	$39,579	$39,289	$1,020	$1,332,221	$75,402	$1,567,679
Unrealized Market Losses	—	—	(6,020)	(4)	(183,716)	—	(189,740)
Annuity Stabilization Reserve	—	—	—	—	(22,085)	—	(22,085)
Undistributed Earnings	—	—	6	1	75,613	—	75,620
Net Funds Held in Trust	**$80,168**	**$39,579**	**$33,275**	**$1,017**	**$1,202,033**	**$75,402**	**$1,431,474**
Total Liabilities and Funds Held in Trust	**$80,168**	**$39,579**	**$33,275**	**$1,017**	**$1,212,086**	**$75,746**	**$1,441,871**

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STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUNDS HELD IN TRUST
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Minnesota Supplemental Investment Funds						
	Income Shares	Growth Shares	Fixed Return	Bond	Mn. Post Retirement Investment	Mn. Variable Annuity	Combined Totals
Operating Revenues:							
Investment Income	$ 7,852	$ 3,121	$ 4,010	$ 75	$ 126,499	$ 6,353	$ 147,910
Realized Gains (Losses) on Investments:							
Proceeds from Security Sales	$20,997	$18,962	$ 5,937	$ —	$ 95,872	$21,179	$ 162,947
Cost of Securities Sold	21,518	17,940	5,936	—	82,589	18,864	146,847
Net Realized Gains (Losses)	**$ (521)**	**$ 1,022**	**$ 1**	**$ —**	**$ 13,283**	**$ 2,315**	**$ 16,100**
Unrealized Gains (Losses)							
Beginning of Period	$ (6,034)	$ 3,089	$ (5,680)	$ —	$ (109,337)	$ 1,706	$ (116,256)
End of Period	(10,513)	(2,521)	(6,020)	(4)	(183,716)	(7,874)	(210,648)
Decrease in Unrealized Appreciation	**$ (4,479)**	**$ (5,610)**	**$ (340)**	**$ (4)**	**$ (74,379)**	**$ (9,580)**	**$ (94,392)**
Gain (Loss) on Distribution at Market	—	—	$ 15	$ (1)	—	—	$ 14
Operating Income	**$ 2,852**	**$ (1,467)**	**$ 3,686**	**$ 70**	**$ 65,403**	**$ (912)**	**$ 69,632**
Nonoperating Revenues (Expenses):							
Participant Contributions	$ 4,637	$ 2,166	$ 6,224	$ 955	$ 188.888	—	$ 202,870
Participant Withdrawals	(5,009)	(298)	(1,415)	(8)	(294,805)	(948)	(302,483)
Nonoperating Revenues (Expenses)	**$ (372)**	**$ 1,868**	**$ 4,809**	**$ 947**	**$ (105,917)**	**$ (948)**	**$ (99,613)**
Net Income	**$ 2,480**	**$ 401**	**$ 8,495**	**$1,017**	**$ (40,514)**	**$ (1,860)**	**$ (29,981)**
Funds Held in Trust, July 1, 1981	**77,668**	**39,178**	**24,780**	**—**	**1,242,547**	**77,262**	**1,461,455**
Funds Held in Trust, June 30, 1982	**$80,168**	**$39,579**	**$33,275**	**$1,017**	**$1,202,033**	**$75,402**	**$1,431,474**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Minnesota Supplemental Investment Funds				Mn. Post Retirement Investment	Mn. Variable Annuity	Combined Totals
	Income Shares	Growth Shares	Fixed Return	Bond			
Cash Provided:							
From Operations:							
Net Income (Loss)	$ 2,480	$ 401	$ 8,495	$1,017	$ (40,514)	$(1,860)	$ (29,981)
Items to be Added to (Deducted from) Net Income:							
Decrease (Increase) in Current Assets:							
Accounts Receivable	$ —	$ 88	$ —	$ —	$ (2,434)	$ 156	$ (2,190)
Accrued Investment Income	180	133	53	(37)	(6,946)	132	(6,485)
Due from Other Funds	—	—	—	—	(12,385)	—	(12,385)
Increase (Decrease) in Current Liabilities							
Accounts Payable	(325)	—	—	—	190	—	(135)
Payable to Other Funds	—	—	—	—	(215)	137	(78)
Total Items to be Added (Deducted)	$ (145)	$ 221	$ 53	$ (37)	$ (21,790)	$ 425	$ (21,273)
Total Cash Provided from Operations	**$ 2,335**	**$ 622**	**$ 8,548**	**$ 980**	**$ (62,304)**	**$(1,435)**	**$ (51,254)**
Cash and Investments, July 1, 1981	**76,433**	**38,732**	**23,879**	**—**	**1,229,043**	**76,420**	**1,444,507**
Cash and Investments, June 30, 1982	**$78,768**	**$39,354**	**$32,427**	**$ 980**	**$1,166,739**	**$74,985**	**$1,393,253**

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STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING SCHEDULE OF PARTICIPATION
JUNE 30, 1982
(000's Omitted)

	Minnesota Supplemental Investment Funds				Mn. Post Retirement Investment	Mn. Variable Annuity	Combined Totals
	Income Shares	Growth Shares	Fixed Return	Bond			
Defined Benefit Funds:							
Teachers Retirement Association:							
Teachers Retirement Fund	—	—	—	—	$ 559,186	$85,403	$ 644,589
Minnesota State Retirement System:							
State Employees Retirement Fund	—	—	—	—	281,991	—	281,991
Highway Patrolmen's Retirement Fund	—	—	—	—	24,789	—	24,789
Judges Retirement Fund	—	—	—	—	5,536	—	5,536
Public Employees Retirement Association:							
Public Employees Retirement Fund	—	—	—	—	413,641	—	413,641
Police and Fire Fund	—	—	—	—	42,938	—	42,938
Subtotal	—	—	—	—	**$1,328,081**	**$85,403**	**$1,413,484**
Defined Contribution Funds:							
Teachers Retirement Association:							
College Supplemental Retirement Fund	$22,054	$16,385	—	—	—	—	$ 38,439
Minnesota State Retirement System:							
Unclassified Employees Retirement Fund	9,067	3,698	2,893	—	—	—	15,658
Deferred Compensation Fund	9,504	8,043	27,711	—	—	—	45,258
Subtotal	**$40,625**	**$28,126**	**$30,604**	—	—	—	**$ 99,355**
Legislators and Survivors Retirement Fund	—	—	—	—	**$ 4,140**	—	**$ 4,140**
Total State Retirement Funds	**$40,625**	**$28,126**	**$30,604**	—	**$1,332,221**	**$85,403**	**$1,516,979**
Non-State Funds	**$39,543**	**$11,453**	**$ 8,685**	**$1,020**	—	—	**$ 60,701**
Total Funds Held in Trust for Participants	**$80,168**	**$39,579**	**$39,289**	**$1,020**	**$1,332,221**	**$85,403**	**$1,577,680**
Unrealized Appreciation (Depreciation) on Investments	—	—	(6,020)	(4)	(183,716)	(7,874)	(197,614)
Undistributed Income (Losses)	—	—	6	1	75,613	—	75,620
Annuity Stabilization Reserve	—	—	—	—	(22,085)	(2,127)	(24,212)
Total Participation and Undistributed Earnings	**$80,168**	**$39,579**	**$33,275**	**$1,017**	**$1,202,033**	**$75,402**	**$1,431,474**

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING SUMMARY OF INVESTMENTS
JUNE 30, 1982
(000's Omitted)

	Minnesota Supplemental Investment Funds				Mn. Post Retirement Investment	Mn. Variable Annuity	Combined Totals
	Income Shares	Growth Shares	Fixed Return	Bond			
Bonds and Other Debt Certificates:							
U.S. Government Obligations	$12,705	$ 796	$ 9,067	$975	$ 361,024	$ 5,691	$ 390,258
Canadian Government Obligations	3,604	—	2,124	—	26,507	1,102	33,337
Public Utilities	5,454	—	4,939	—	109,530	1,284	121,207
Finance Industry Corporations	4,392	—	2,919	—	53,293	1,504	62,108
Industrial Corporations	4,400	—	1,189	—	102,561	1,651	109,801
Transportation Industry Corporations	2,599	—	1,527	—	39,481	428	44,035
Total Bonds and Other Debt Certificates	**$33,154**	**$ 796**	**$21,765**	**$975**	**$ 692,396**	**$11,660**	**$ 760,746**
Common Stock:							
Public Utilities	$ 6,759	$ 3,588	—	—	$ 63,011	$ 6,602	$ 79,960
Finance Industry Corporations	3,544	1,940	—	—	29,773	3,940	39,197
Manufacturing Industry Corporations	13,202	14,065	—	—	143,281	23,440	193,988
Food Industry Corporations	4,782	3,405	—	—	37,148	8,709	54,044
Retail Industry Corporations	911	716	—	—	11,676	570	13,873
Transportation Industry Corporations	694	1,381	—	—	8,405	3,492	13,972
Raw Materials Industry Corporations	5,604	5,823	—	—	73,931	8,731	94,089
Other Industries	1,662	685	—	—	14,871	2,076	19,294
Total Common Stock	**$37,158**	**$31,603**	**$ —**	**$—**	**$ 382,096**	**$57,560**	**$ 508,417**
Short Term Securities (Cash Equivalents)	**8,455**	**6,954**	**10,662**	**—**	**92,240**	**5,764**	**124,075**
Total Investments	**$78,767**	**$39,353**	**$32,427**	**$975**	**$1,166,732**	**$74,984**	**$1,393,238**

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INVESTMENT TRUST FUNDS NARRATIVE EXPLANATIONS

1. a. All investments are reported at market value, except for short-term government securities and commercial paper which are valued at market less accrued interest. Cost of investments held as of June 30, 1982 were as follows:

Minnesota Supplemental Investment Fund:	
Income Share	$ 89,280,000
Growth Share	41,874,000
Fixed Return	38,448,000
Bond	978,000
Minnesota Post-Retirement Investment Fund	1,350,448,000
Minnesota Variable Annuity Fund	82,858,000

b. Some securities were loaned to generate additional investment income. Amounts on loan as of June 30, 1982 were as follows:

Minnesota Supplemental Investment Fund:	
Income Share	$ 2,200,000
Fixed Return	700,000
Minnesota Post-Retirement Investment Fund	109,700,000

2. Total participation in the Minnesota Post-Retirement Investment Fund is equal to the actuarially determined required reserves. Participation balances differ from those reported in the State Board of Investment annual report, because June 30, 1982 mortality adjustments certified by the retirement funds' actuaries are included in this report.

3. The annuity stabilization reserve is the difference between the actuarially determined reserves required to support benefits in force and the book value of the assets of the fund. Pursuant to Minnesota Statutes 11A.18, Subdivision 9, the board shall allocate five percent of excess investment income as an asset of the fund to reduce this account. The remaining 95 percent of excess income is available for distribution as a benefit increase. The undistributed earnings of $75,613,000 at June 30, 1982 were available for benefit increases in January, 1983.

STATE OF MINHESOTA

EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1982
(000's Omitted)

	Municipal State Aid Street	County State Aid Highway	Endowment School	Endowment	N.E. Minn. Economic Protection	Rural Rehabilitation Trust	Combined Totals
ASSETS							
Cash	$ (3,182)	$ (3,544)	$ —	$1,145	$ 1	$ 40	$ (5,540)
Investments	68,720	113,535	—	1,474	44,871	7,191	235,791
Accounts Receivable	139	23	—	56	—	—	218
Due from Other Funds	1,081	3,291	11,249	135	—	—	15,756
Loan Interest Receivable	—	—	—	—	—	42	42
Accrued Investment Income	2,905	4,247	—	25	2,118	448	9,743
Mortgage Notes Receivable	—	—	—	—	—	1,444	1,444
Total Assets	**$69,663**	**$117,552**	**$11,249**	**$2,835**	**$46,990**	**$9,165**	**$257,454**
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	$ 253	$ 1,522	$ —	$ 109	$ —	$ 6	$ 1,890
Payable to Other Funds	110	352	—	19	—	25	506
Total Liabilities	**$ 363**	**$ 1,874**	**$ —**	**$ 128**	**$ —**	**$ 31**	**$ 2,396**
Fund Balances:							
Reserved:							
Reserved for Local Governments	$69,274	$115,622	$11,249	$ —	$ —	$ —	$196,145
Reserved for Long Term Notes Receivable	—	—	—	—	—	1,415	1,415
Reserved for Encumbrances	—	—	—	1,771	—	12	1,783
Total Reserved Fund Balances	**$69,274**	**$115,622**	**$11,249**	**$1,771**	**$ —**	**$1,427**	**$199,343**
Unreserved:							
Designated for Carryover	$ 26	$ 56	$ —	$ —	$46,990	$ —	$ 47,072
Designated for Investment	—	—	—	—	—	4,000	4,000
Designated for Fund Purposes	—	—	—	936	—	3,707	4,643
Total Unreserved Fund Balances	**$ 26**	**$ 56**	**$ —**	**$ 936**	**$46,990**	**$7,707**	**$ 55,715**
Total Fund Balances	**$69,300**	**$115,678**	**$11,249**	**$2,707**	**$46,990**	**$9,134**	**$255,058**
Total Liabilities and Fund Balances	**$69,663**	**$117,552**	**$11,249**	**$2,835**	**$46,990**	**$9,165**	**$257,454**

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STATE OF MINNESOTA

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1982

(000's Omitted)

	Municipal State Aid Street	County State Aid Highway	Endowment School	Endowment	N.E. Minnesota Economic Protection	Rural Rehabilitation Trust	Combined Totals
Revenues:							
Investment Income	$ 9,954	$ 14,833	—	$ 187	$ 5,690	$1,143	$ 31,807
Gifts, Donations and Bequests	—	—	—	3,038	—	—	3,038
Other	—	—	—	54	—	—	54
Gross Revenue	**$ 9,954**	**$ 14,833**	—	**$3,279**	**$ 5,690**	**$1,143**	**$ 34,899**
Revenue Refunds	—	—	—	**39**	—	—	**39**
Net Revenue	**$ 9,954**	**$ 14,833**	—	**$3,240**	**$ 5,690**	**$1,143**	**$ 34,860**
Expenditures:							
Current:							
Protection of Persons/Property	$ —	$ —	—	$ 4	—	$ —	$ 4
Transportation	17	41	—	17	—	—	75
Resource Management	—	—	—	225	—	—	225
Economic/Manpower Development	—	—	—	42	—	120	162
Education	—	—	—	858	—	—	858
Health and Social Services	—	—	—	58	—	—	58
General Government	—	—	—	96	—	—	96
Total Current Expenditures	$ 17	$ 41	—	$1,300	—	$ 120	$ 1,478
Capital Outlay:							
Equipment	—	—	—	$ 57	—	—	$ 57
Real Property	—	—	—	244	—	—	244
Total Capital Outlay	—	—	—	$ 301	—	—	$ 301
Grants and Subsidies:							
Individuals and Private Organizations	$ —	$ —	$ —	$ 784	—	$ 77	$ 861
School Districts	—	—	23,509	43	—	13	23,565
Local Subdivisions	41,082	111,736	—	15	—	56	152,889
Other Subdivisions	—	—	—	10	—	193	203
Total Grants and Subsidies	$ 41,082	$ 111,736	$ 23,509	$ 852	—	$ 339	$ 177,518
Total Expenditures	**$ 41,099**	**$ 111,777**	**$ 23,509**	**$2,453**	—	**$ 459**	**$ 179,297**
Reimbursements to Other Funds	**389**	**1,260**	—	—	—	**2**	**1,651**
Net Expenditures	**$ 41,488**	**$113,037**	**$ 23,509**	**$2,453**	—	**$ 461**	**$ 180,948**
Excess of Revenue over Expenditures	**$(31,534)**	**$ (98,204)**	**$(23,509)**	**$ 787**	**$ 5,690**	**$ 682**	**$(146,088)**
Other Financing Sources:							
Operating Transfers In	$ 35,704	$ 115,443	$ 24,612	—	$ 8,847	—	$ 184,606
Total Other Financing Sources	**$ 35,704**	**$ 115,443**	**$ 24,612**	—	**$ 8,847**	—	**$ 184,606**
Excess of Revenue and Other Sources over Expenditures	**$ 4,170**	**$ 17,239**	**$ 1,103**	**$ 787**	**$14,537**	**$ 682**	**$ 38,518**
Fund Balance, July 1, 1981, as Reported	**$ 65,130**	**$ 98,439**	**$ 10,146**	**$ 317**	**$32,453**	**$8,452**	**$ 214,937**
Change in Reporting Entity	—	—	—	1,603	—	—	1,603
Fund Balance, July 1, 1981, as Restated	**$ 65,130**	**$ 98,439**	**$ 10,146**	**$1,920**	**$32,453**	**$8,452**	**$ 216,540**
Fund Balance, June 30, 1982	**$ 69,300**	**$115,678**	**$ 11,249**	**$2,707**	**$46,990**	**$9,134**	**$ 255,058**

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STATE OF MINNESOTA
ALL AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Balance July 1, 1981	Additions	Deductions	Balance June 30, 1982
DISBURSEMENT CLEARING				
ASSETS				
Cash	$125,668	$7,586,209	$7,541,651	$170,226
Total Assets	**$125,668**	**$7,586,209**	**$7,541,651**	**$170,226**
LIABILITIES				
Warrants Payable	$125,652	$7,586,101	$7,541,645	$170,108
Unclaimed Warrants	16	108	6	118
Total Liabilities	**$125,668**	**$7,586,209**	**$7,541,651**	**$170,226**
TAXES CLEARING				
ASSETS				
Cash	$ 5,000	$ 405,379	$ 398,221	$ 12,158
Due from Other Funds	10,906	9,147	10,906	9,147
Total Assets	**$ 15,906**	**$ 414,526**	**$ 409,127**	**$ 21,305**
LIABILITIES				
Payable to Other Funds	$ 1,577	$ 136	$ 1,695	$ 18
Payable to Other Governmental Units	12,827	404,582	398,063	19,346
Funds Held in Trust	1,502	2,041	1,602	1,941
Total Liabilities	**$ 15,906**	**$ 406,759**	**$ 401,360**	**$ 21,305**
SOCIAL WELFARE				
ASSETS				
Cash	$ 798	$ 8,705	$ 8,870	$ 633
Investments	2,309	1,341	1,001	2,649
Accrued Investment Income	68	79	68	79
Total Assets	**$ 3,175**	**$ 10,125**	**$ 9,939**	**$ 3,361**
LIABILITIES				
Accounts Payable	$ —	$ 150	$ —	$ 150
Payable to Other Funds	81	54	—	135
Funds Held in Trust	3,094	7,584	7,602	3,076
Total Liabilities	**$ 3,175**	**$ 7,788**	**$ 7,602**	**$ 3,361**
FEDERAL COUNTY ROAD AND BRIDGE				
ASSETS				
Cash	$ 5,401	$ 49,597	$ 49,977	$ 5,021
Accounts Receivable	5,464	13,537	11,741	7,260
Federal Aid Receivable	6,206	33,866	34,399	5,673
Total Assets	**$ 17,071**	**$ 97,000**	**$ 96,117**	**$ 17,954**
LIABILITIES				
Contract and Retainage Payable	$ 3,809	$ 44,138	$ 46,646	$ 1,301
Payable to Other Funds	—	3,500	—	3,500
Payable to Other Governmental Units	13,262	13,153	13,262	13,153
Funds Held in Trust	—	50,860	50,860	—
Total Liabilities	**$ 17,071**	**$ 111,651**	**$ 110,768**	**$ 17,954**

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STATE OF MINNESOTA

ALL AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)

YEAR ENDED JUNE 30, 1982

(000's Omitted)

	Balance July 1, 1981	Additions	Deductions	Balance June 30, 1982
WORKERS COMPENSATION SPECIAL PAYMENT				
ASSETS				
Cash	$ 522	$ —	$ 522	$ —
Accounts Receivable	222	—	222	—
Due from Other Funds	359	—	359	—
Total Assets	**$ 1,103**	**$ —**	**$ 1,103**	**$ —**
LIABILITIES				
Funds Held in Trust	$ 1,103	$ —	$ 1,103	$ —
Total Liabilities	**$ 1,103**	**$ —**	**$ 1,103**	**$ —**
STATE UNIVERSITY SYSTEM–STUDENT ACTIVITY				
ASSETS				
Cash	$ 1,135	$ 376,921	$ 377,767	$ 289
Investments	5,225	29,799	29,709	5,315
Accounts Receivable	197	7,852	7,709	340
Accrued Investment Income	77	198	71	204
Federal Aid Receivable	182	7,107	7,175	114
Loans Receivable (Net)	23,044	12,585	12,304	23,325
Other Assets	88	17,009	14,518	2,579
Total Assets	**$ 29,948**	**$ 451,471**	**$ 449,253**	**$ 32,166**
LIABILITIES				
Accounts Payable	$ 303	$ 6,362	$ 6,452	$ 213
Other Liabilities	16	21,752	21,627	141
Funds Held in Trust	29,629	33,730	31,547	31,812
Total Liabilities	**$ 29,948**	**$ 61,844**	**$ 59,626**	**$ 32,166**
COMMUNITY COLLEGE SYSTEM–ALL COLLEGE				
ASSETS				
Cash	$ 1,185	$ 28,323	$ 27,537	$ 1,971
Investments	2,169	1,647	1,124	2,692
Accounts Receivable	409	4,970	2,877	2,502
Accrued Investment Income	17	13	8	22
Federal Aid Receivable	30	877	830	77
Deferred Costs	17	677	652	42
Loans Receivable	5,135	633	2,681	3,087
Other Assets	3	4	3	4
Total Assets	**$ 8,965**	**$ 37,144**	**$ 35,712**	**$ 10,397**
LIABILITIES				
Accounts Payable	$ 276	$ 1,431	$ 1,179	$ 528
Deferred Revenue	39	3,445	3,461	23
Loans and Notes Payable	45	30	24	51
Other Liabilities	11	203	69	145
Funds Held in Trust	8,594	17,864	16,808	9,650
Total Liabilities	**$ 8,965**	**$ 22,973**	**$ 21,541**	**$ 10,397**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

STATE OF MINNESOTA
ALL AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Balance July 1, 1981	Additions	Deductions	Balance June 30, 1982
MISCELLANEOUS AGENCY				
ASSETS				
Cash	$ 1,407	$ 25,201	$ 22,773	$ 3,835
Investments	1,705	1,559	2,885	379
Accounts Receivable	—	794	456	338
Due from Other Funds	35	—	35	—
Accrued Investment Income	88	—	88	—
Deferred Costs	—	215	60	155
Total Assets	**$ 3,235**	**27,769**	**$ 26,297**	**$ 4,707**
LIABILITIES				
Payable to Other Funds	$ 954	$ 770	$ 1,306	$ 418
Payable to Other Governmental Units	44	97	138	3
Funds Held in Trust	2,237	16,936	14,887	4,286
Total Liabilities	**$ 3,235**	**$ 17,803**	**$ 16,331**	**$ 4,707**
TOTAL AGENCY FUNDS				
ASSETS				
Cash	$141,116	$8,480,335	$8,427,318	$194,133
Investments	11,408	34,346	34,719	11,035
Accounts Receivable	6,292	27,153	23,005	10,440
Due from Other Funds	11,300	9,147	11,300	9,147
Accrued Investment Income	250	290	235	305
Federal Aid Receivable	6,418	41,850	42,404	5,864
Deferred Costs	17	892	712	197
Loans Receivable	28,179	13,218	14,985	26,412
Other	91	17,013	14,521	2,583
Total Assets	**$205,071**	**$8,624,244**	**$8,569,199**	**$260,116**
LIABILITIES				
Warrants Payable	$125,652	$7,586,101	$7,541,645	$170,108
Unclaimed Warrants	16	108	6	118
Accounts Payable	579	7,943	7,631	891
Contract and Retainage Payable	3,809	44,138	46,646	1,301
Payable to Other Funds	2,612	4,460	3,001	4,071
Payable to Other Governmental Units	26,133	417,832	411,463	32,502
Deferred Revenue	39	3,445	3,461	23
Loans and Notes Payable	45	30	24	51
Other Liabilities	27	21,955	21,696	286
Funds Held in Trust	46,159	129,015	124,409	50,765
Total Liabilities	**$205,071**	**$8,215,027**	**$8,159,982**	**$260,116**

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statments.

ACCOUNT GROUP

General Long-Term Debt Account Group — accounts for unmatured principal of bonds, notes and other forms of long-term indebtedness which are not accounted for in proprietary funds.

STATE OF MINNESOTA

GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT
YEAR ENDED JUNE 30, 1982
(000's Omitted)

	Beginning Balance	Increase	Decrease	Ending Balance
Amount Available and to be Provided for Payment of General Long-Term Debt:				
Amount Available in Debt Service Fund	$ 66,394	$ 75,639	$ 68,204	$ 73,829
Amount to be Provided:				
General Fund	$726,723	$147,200	$ 68,266	$ 805,657
Miscellaneous Special Revenue Fund	291	—	248	43
State Airport Fund	460	—	460	—
Trunk Highway Fund	65,028	—	7,694	57,334
Employment Services Fund	840	—	200	640
Unemployment Trust Fund	114,000	115,133	19,291	209,842
Game and Fish Fund	—	295	—	295
Total Amount to be Provided	$907,342	$262,628	$ 96,159	$1,073,811
Total Amount Available and to be Provided	$973,736	$338,267	$164,363	$1,147,640
General Long-Term Debt Payable:				
Bonds Payable	$852,962	$117,200	$ 68,203	$ 901,959
Loans Payable	119,018	115,133	19,685	214,466
Capital Lease Obligations	1,756	—	541	1,215
Revenue Refunds Payable	—	30,000	—	30,000
Total General Long-Term Debt Payable	$973,736	$262,333	$ 88,429	$1,147,640

The notes to the combined financial statements and any narrative explanations are an integral part of the financial statements.

GENERAL LONG-TERM DEBT ACCOUNT GROUP NARRATIVE EXPLANATION

1. Total long-term debt does not include $104,284,630 in grant payments to school districts and interstate tuition reciprocity payments based primarily on F.Y. 1982 data, but paid from F.Y. 1983 resources. These payments are not considered to be liabilities at June 30, 1982. Criteria for recognizing liabilities for grants and subsidies such as these is discussed in Note 10.

GENERAL OBLIGATION DEBT SCHEDULES

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1983-2002
PRINCIPAL PAYMENTS — BOLDFACE INTEREST PAYMENTS — LIGHTFACE
(000's Omitted)

Fund and Type	Authorization Year-Chapter	Amount Outstanding 6-30-82	1983	1984	1985	1986	1987	1988
General Fund								
State Building, Capital Improvement	'63-1	**$ 1,469**	**$ 1,469**	$	$	$	$	$
			40					
	'63-677	**4,220**	**2,140**	**2,080**				
			98	32				
	'63-839	**1,770**	**1,770**					
			55					
	'65-882	**8,550**	**2,890**	**2,890**	**2,770**			
			265	175	86			
	X'67-8	**24,368**	**3,469**	**3,469**	**3,469**	**3,469**	**3,469**	**3,449**
			1,189	1,012	833	655	478	299
	'69-1159	**63,417**	**7,336**	**7,336**	**7,336**	**7,336**	**7,336**	**7,336**
			3,233	2,847	2,462	2,076	1,685	1,294
	'71-963	**60,601**	**5,368**	**5,368**	**5,368**	**5,368**	**5,368**	**5,368**
			2,705	2,438	2,173	1,910	1,646	1,382
	'73-778	**32,805**	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**
			1,699	1,584	1,376	1,267	1,156	1,045
	'74-541	**2,662**	**205**	**205**	**205**	**205**	**205**	**205**
			144	132	121	110	100	88
	'75-436	**12,653**	**847**	**847**	**847**	**847**	**847**	**847**
			647	606	534	495	454	414
	'76-348	**40,584**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**
			2,134	2,008	1,673	1,556	1,436	1,316
	'77-421	**6,750**	**375**	**375**	**375**	**375**	**375**	**375**
			437	411	384	358	333	308
	'77-451	**29,086**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**
			1,553	1,460	1,363	1,267	1,171	1,078
	'78-792	**96,986**	**5,345**	**5,345**	**5,345**	**5,345**	**5,345**	**5,345**
			6,812	6,426	6,039	5,650	5,274	4,909
	'79-300	**2,695**	**141**	**141**	**141**	**141**	**141**	**141**
			225	213	200	188	176	165
	'79-301	**43,662**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**
			2,951	2,775	2,600	2,425	2,257	2,092
	'79-338	**52,172**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**
			4,740	4,503	4,264	4,024	3,790	3,564
	'81-4	**21,746**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**
			2,192	2,095	1,995	1,895	1,793	1,690
	'81-304	**11,410**	**571**	**571**	**571**	**571**	**571**	**571**
			1,152	1,100	1,047	994	941	886
	'81-334	**640**	**32**	**32**	**32**	**32**	**32**	**32**
			65	62	59	56	53	50
	'81-361	**5,630**	**282**	**282**	**282**	**282**	**282**	**282**
			568	543	517	491	464	437
	'81-362	**2,174**	**109**	**109**	**109**	**109**	**109**	**109**
			218	209	199	189	179	169
	'82-639	**670**	**34**	**34**	**34**	**34**	**34**	**34**
			68	65	62	58	55	52
State Building (Voc-Tech)	'75-436	**11,025**	**775**	**775**	**775**	**775**	**775**	**775**
			590	550	492	453	414	374
State Building (Natural Resources)	'75-415	**15,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**
			746	696	646	596	546	497
State Building (Parks & Recreation)	'77-421	**43,200**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**
			2,067	1,945	1,810	1,675	1,540	1,419
State Transportation	'76-339	**18,750**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**
			999	943	755	704	651	598
	'77-277	**40,600**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**
			2,024	1,904	1,774	1,645	1,515	1,395
	'79-280	**24,050**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**
			1,758	1,655	1,553	1,451	1,354	1,261
	'81-361	**22,400**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**
			2,254	2,155	2,054	1,951	1,847	1,742

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1983-2002
PRINCIPAL PAYMENTS — BOLDFACE INTEREST PAYMENTS — LIGHTFACE

(000's Omitted)

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
$	$	$	$	$	$	$	$	$	$	$	$	$	$
1,789	**1,789**												
159	53												
7,336	**7,336**	**4,725**											
899	504	185											
5,368	**5,368**	**5,368**	**5,368**	**2,268**	**2,268**	**1,268**	**685**	**435**					
1,112	841	566	441	314	190	95	43	12					
2,329	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**	**1,829**	**1,566**	**1,358**	**53**	**53**			
931	816	699	580	459	337	229	141	65	6	3			
205	**205**	**205**	**205**	**205**	**205**	**205**							
77	65	53	41	29	16	5							
847	**847**	**847**	**847**	**847**	**847**	**847**	**847**	**795**					
374	333	292	249	205	162	117	72	29					
2,693	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**93**	**93**			
1,193	1,068	941	810	679	544	409	271	132	11	5			
375	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**		
282	260	237	215	192	169	145	122	98	73	49	24		
1,743	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,193**			
984	896	807	718	628	537	445	352	258	164	69			
5,345	**5,345**	**5,345**	**5,345**	**5,345**	**5,345**	**5,345**	**5,345**	**5,345**	**5,345**	**5,345**	**3,685**	**2,020**	**416**
4,544	4,196	3,813	3,396	3,004	2,640	2,270	1,895	1,513	1,128	739	347	72	0
141	**141**	**141**	**141**	**141**	**141**	**141**	**141**	**141**	**141**	**141**	**141**	**141**	**16**
154	143	132	121	109	97	85	73	60	48	35	22	9	2
2,403	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**403**	
1,927	1,777	1,626	1,474	1,320	1,163	1,005	845	682	516	351	184	18	
2,678	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**1,299**
3,339	3,110	2,827	2,491	2,201	1,960	1,714	1,462	1,207	949	689	426	199	68
1,087	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**	**1,087**
1,587	1,482	1,336	1,147	999	890	780	667	554	439	323	207	119	59
571	**571**	**571**	**571**	**571**	**571**	**571**	**571**	**571**	**571**	**571**	**571**	**571**	**571**
832	777	703	609	534	477	419	360	300	240	179	118	70	35
32	**32**	**32**	**32**	**32**	**32**	**32**	**32**	**32**	**32**	**32**	**32**	**32**	**32**
46	43	40	37	34	31	27	24	21	17	14	10	7	3
282	**282**	**282**	**282**	**282**	**282**	**282**	**282**	**282**	**282**	**282**	**282**	**282**	**282**
410	383	347	301	263	235	207	177	148	118	88	58	34	17
109	**109**	**109**	**109**	**109**	**109**	**109**	**109**	**109**	**109**	**109**	**109**	**109**	**109**
159	149	132	110	93	83	72	60	49	38	26	15	7	3
34	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**
49	45	42	39	35	32	29	25	22	18	14	11	7	4
775	**775**	**775**	**775**	**775**	**775**	**775**	**775**	**175**					
334	293	251	207	163	119	76	34	9					
1,000	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**					
448	399	348	296	244	191	138	83	28					
2,700	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**				
1,297	1,173	1,049	922	794	664	535	402	270	135				
1,250	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**					
543	486	429	369	310	249	188	125	63					
2,500	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**600**			
1,275	1,156	1,037	916	793	669	545	419	292	164	35			
1,300	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**1,300**	**650**	
1,169	1,081	992	903	811	718	624	527	429	330	230	130	29	
1,120	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**	**1,120**
1,636	1,529	1,371	1,162	1,002	890	776	661	544	426	307	187	102	51

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT (continued)
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1983-2002
PRINCIPAL PAYMENTS — BOLDFACE INTEREST PAYMENTS — LIGHTFACE

(000's Omitted)

Fund and Type	Authorization Year-Chapter	Amount Outstanding 6-30-82	1983	1984	1985	1986	1987	1988
General Fund (continued)								
Pollution Control	X'71-20	$ 20,575	**$ 1,738**	**$ 1,738**	**$ 1,738**	**$ 1,738**	**$ 1,738**	**$ 1,738**
			585	500	415	328	270	243
	'73-771	14,925	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**
			796	748	622	577	532	486
	'75-354	25,350	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**
			1,527	1,435	1,343	1,251	1,160	1,070
	'77-418	900	**50**	**50**	**50**	**50**	**50**	**50**
			58	55	51	48	44	41
	'79-285	17,900	**895**	**895**	**895**	**895**	**895**	**895**
			1,805	1.724	1,643	1,560	1,476	1,391
Voyageurs National Park	'71-852	470	**470**					
			11					
Zoological Gardens	'73-207	20,575	**1,375**	**1,425**	**1,450**	**1,500**	**1,525**	**1,575**
			1,076	1,000	918	844	767	686
Vietnam Veterans' Bonus	'73-204	36,000	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**
			1,637	1,499	1,360	1,220	1,081	940
Waste Management	'80-564	2,660	**140**	**140**	**140**	**140**	**140**	**140**
			215	203	191	179	167	157
TOTAL FOR GENERAL FUND		$841,099	**$ 66,089**	**$ 62,370**	**$ 60,195**	**$ 57,475**	**$ 57,500**	**$ 57,530**
			51,337	47,707	43,615	40,144	36,805	33,537
State Airports Fund								
Aeronautics	'63-791	$ 460	**$ 460**					
			14					
TOTAL FOR STATE AIRPORTS FUND		$ 460	**$ 460**					
			14					
Trunk Highway Fund								
Trunk Highway	'59-538	$ 860	**$ 240**	**$ 260**	**$ 270**	**$ 90**		
			0	0	0	0		
	'67-873	33,900	**5,300**	**5,400**	**5,400**	**5,400**	**5,500**	**5,600**
			1,363	1,124	884	644	406	168
	'77-277	24,800	**1,550**	**1,550**	**1,550**	**1,550**	**1,550**	**1,550**
			1,187	1,117	1,039	962	884	815
TOTAL FOR TRUNK HIGHWAY FUND		$ 59,560	**$ 7,090**	**$ 7,210**	**$ 7,220**	**$ 7,040**	**$ 7,050**	**$ 7,150**
			2,549	2.241	1.924	1.606	1,291	983
Employment Services Administration Fund								
State Building, Capital Improvement	'65-532	$ 720	**$ 180**	**$ 180**	**$ 180**	**$ 180**		
			21	15	9	3		
	X'67-8	120	**20**	**20**	**20**	**20**	**20**	**20**
			4	3	3	2	1	1
TOTAL EMPLOYMENT SERVICES ADMINISTRATION FUND		$ 840	**$ 200**	**$ 200**	**$ 200**	**$ 200**	**$ 20**	**$ 20**
			25	18	12	5	1	1
State University Board								
Revenue Bond Fund	'69-1152	$ 9,490	**$ 305**	**$ 320**	**$ 340**	**$ 355**	**$ 380**	**$ 400**
			523	507	489	471	451	430
	'73-759	6,225	**200**	**200**	**200**	**200**	**200**	**200**
			312	302	292	282	272	261
TOTAL FOR STATE UNIVERSITY BOARD REVENUE BOND FUND		$ 15,715	**$ 505**	**$ 520**	**$ 540**	**$ 555**	**$ 580**	**$ 600**
			835	809	781	753	723	691
Maximum Effort School								
Loan Fund	'63-601	$ 3,555	**$ 1,805**	**$ 1,750**				
			92	36				
	'65-875	3,750	**950**	**950**	**950**	**900**		
			107	76	45	15		
	'67-583	2,065	**245**	**245**	**245**	**245**	**245**	**280**
			114	100	85	71	57	41
	'69-1056	15,664	**1,441**	**1,441**	**1,441**	**1,441**	**1,441**	**1,506**
			889	805	705	621	538	454
	'80-545	10,626	**539**	**539**	**539**	**539**	**539**	**539**
			1,024	973	922	870	820	771
TOTAL FOR MAXIMUM EFFORT SCHOOL LOAN FUND		$ 35,660	**$ 4,980**	**$ 4,925**	**$ 3,175**	**$ 3,125**	**$ 2,225**	**$ 2,325**
			2,226	1,990	1,757	1,578	1,415	1,266
TOTAL PRINCIPAL — ALL FUNDS		$953,334	**$ 79,324**	**$ 75,225**	**$ 71,330**	**$ 68,395**	**$ 67,375**	**$ 67,625**
TOTAL INTEREST — ALL FUNDS			56,987	52,766	48,089	44,086	40,235	36,477
TOTAL DEBT SERVICE — ALL FUNDS			$136,311	$127,991	$119,419	$112,481	$107,610	$104,102

The above listed does not include an issue of $63 million dated August 1, 1982. This issue consisted of:

State Building Bonds	$24,100,000	**State Water Pollution Control Bonds**	13,200,000
State Transportation Bonds	22,700,000	**State School Loan Bonds**	3,000,000
		Total Issue	$63,000,000

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT (continued)

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1983-2002

PRINCIPAL PAYMENTS — BOLDFACE INTEREST PAYMENTS — LIGHTFACE

(000's Omitted)

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
$ 1,738	**$ 1,738**	**$ 1,738**	**$ 1,738**	**$ 1,738**	**$ 486**	**$ 488**	**$ 488**	**$**	**$**	**$**	**$**	**$**	**$**
215	187	158	128	98	68	40	13						
1,013	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**750**					
438	390	341	290	239	186	134	82	38					
1,450	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**700**		
979	898	816	734	651	567	482	397	310	222	134	46		
50	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**		
38	35	32	29	26	22	19	16	13	10	7	3		
895	**895**	**895**	**895**	**895**	**895**	**895**	**895**	**895**	**895**	**895**	**895**	**895**	**895**
1,306	1,220	1,100	946	824	735	644	551	458	363	268	172	99	50
1,625	**1,650**	**1,700**	**1,750**	**1,800**	**1,875**	**1,175**	**75**	**75**					
601	513	421	325	225	121	39	8	4					
3,000	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**								
797	655	512	367	221	74								
140	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	
147	136	125	114	103	92	80	68	56	44	31	19	6	
$55,920	**$55,945**	**$51,595**	**$46,920**	**$43,870**	**$42,695**	**$37,495**	**$35,345**	**$33,485**	**$25,100**	**$19,950**	**$15,600**	**$10,160**	**$ 5,860**
30,282	27,090	23,758	20,485	17,601	14,928	12,37	9,975	7,663	5,458	3,595	1,980	779	292
1,300													
24													
1,550	**1,550**	**1,550**	**1,550**	**1,550**	**1,550**	**1,550**	**1,550**	**1,550**	**1,550**				
745	673	602	529	456	381	307	231	155	78				
$ 2,850	**$ 1,550**	**$ 1,550**	**$ 1,550**	**$ 1,550**	**$ 1,550**	**$ 1,550**	**$ 1,550**	**$ 1,550**	**$ 1,550**				
769	673	602	529	456	381	307	231	155	78				
$ 420	**$ 2,855**	**$ 4,115**											
407	313	222											
200	**200**	**200**	**200**	**200**	**4,025**								
251	241	231	221	210	103								
$ 620	**$ 3,055**	**$ 4,315**	**$ 200**	**$ 200**	**$ 4,025**								
658	554	453	221	210	103								
280	**280**												
25	8												
1,506	**1,506**	**486**	**486**	**486**	**486**	**486**	**486**	**486**	**186**	**186**	**111**	**51**	
367	281	225	198	171	144	117	89	61	36	24	11	2	
539	**539**	**539**	**539**	**539**	**539**	**539**	**539**	**539**	**539**	**539**	**539**	**539**	**390**
722	672	622	573	522	471	418	365	311	256	201	146	91	42
$ 2,325	**$ 2,325**	**$ 1,025**	**$ 1,025**	**$ 1,025**	**$ 1,025**	**$ 1,025**	**$ 1,025**	**$ 1,025**	**$ 725**	**$ 725**	**$ 650**	**$ 590**	**$ 390**
1,113	961	847	771	693	615	535	454	372	293	225	157	93	42
$61,715	**$62,875**	**$58,485**	**$49,695**	**$46,645**	**$49,295**	**$40,070**	**$37,920**	**$36,060**	**$27,375**	**$20,675**	**$16,250**	**$10,750**	**$ 6,250**
32,822	29,279	25,660	22,006	18,960	16,028	13,213	10,660	8,189	5,828	3,820	2,136	871	334
$94,537	**$92,154**	**$84,145**	**$71,701**	**$65,605**	**$65,323**	**$53,283**	**$48,580**	**$44,249**	**$33,203**	**$24,495**	**$18,386**	**$11,621**	**$ 6,584**

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT BY PURPOSE AS OF JULY 1, 1982
(000's Omitted)

Authorization Year-Chapter	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1971-856	Municipal Aid	$ 20,000	Municipal Aid	$ 20,000	$ 0	$ 20,000
M.S. 116.18	Water Pollution Control	144,000	Prevention, Control, Abatement of Water Pollution	144,000	102,900	41,100
1977-277	Trunk Highway	50,000	Trunk Highway and Interstate Bridges	50,000	31,000	19,000
1979-280	State Transportation	52,000	County, Municipal and Township Bridges	52,000	26,000	26,000
1979-300	State Building	3,775	Public dam reconstruction	3,775	2,820	955
1979-338	State Building	74,515	Statewide improvements	2,000		
			Capitol Complex	1,348		
			Natural Resources	878		
			Education	1,225		
			State Universities	6,221		
			Community Colleges	300		
			University of Minnesota	51,242		
			Corrections	10,478		
			Public Welfare	783		
			Other	40	53,550	20,965
1980-545	School Loans	20,000	Acquisition and Betterment of Public School Land and Buildings	20,000	10,775	9,225
1980-564	Waste Management	15,000	Waste Processing Facility Assistance	8,800		
			Acquisition of Real Property for Hazardous Waste Facility Sites	6,200	2,800	12,200
1980-610	Transportation	13,500	Rail Service Improvement	13,500	0	13,500
1981-4	State Building	42,970	Administration	13,443		
			Natural Resources	533		
			Military Affairs	922		
			Education	4,939		
			State Universities	597		
			University of Minnesota	5,650		
			Corrections	4,742		
			Public Welfare	10,888		
			Economic Security	250		
			Minnesota Historical Society	975		
			Other	30	21,746	21,224
1981-275	University Hospital	190,000	University of Minnesota Hospital construction	190,000	0	190,000
1981-304	State Building	30,320	Metropolitan Council	12,490		
			Natural Resources	17,795		
			Other	35	11,410	18,910
1981-334	State Building	50,000	District Heating System	50,000	640	49,360

STATE OF MINNESOTA

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT BY PURPOSE AS OF JULY 1, 1982 (Continued)

(000's Omitted)

Authorization Year-Chapter	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1981-361	State Building	$ 14,615	Administration	$ 8,464	$	$
			Natural Resources	2,574		
			Historical Society	700		
			Veterans Affairs	261		
			Economic Development	2,500		
			Other	116	5,630	8,985
1981-361	State Transportation	98,000	Interstate Highway System	98,000	22,400	75,600
1981-362	State Building	54,495	Education	14,145		
			State Universities	1,621		
			Community College	620		
			University of Minnesota	38,057		
			Other	50	2,174	52,321
1982-639	State Building	4,740	Administration	1,048		
			Natural Resources	62		
			Military Affairs	350		
			Veterans Affairs	63		
			Education	752		
			State Universities	924		
			University of Minnesota	1,235		
			Corrections	300		
			Other	6	670	4,070
	Total Authorized, Unissued					**$583,415**